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**THURSDAY, NOVEMBER 17, 1955**

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## NAIC Releases Advertising Rules for A&H Business

All Media Covered;  
Distribution Follows  
Confab With FTC

WASHINGTON—Proposed rules to govern advertising of accident and health insurance have been developed by the advertising code subcommittee of the executive committee of National Assn. of Insurance Commissioners, it was announced Thursday by Thomas R. Pansing, director of insurance of Nebraska, chairman of the subcommittee. The proposed rules are being forwarded to state insurance commissioners, to all insurance companies engaged in the business and to insurance company trade organizations.

The rules were developed in accordance with a resolution adopted by the NAIC establishing the subcommittee and directing it to draft a code of accident and health insurance advertising policies and practices. After sev-

**THERE WAS NO OFFICIAL INDICATION OF THE PART THAT THE FTC HAD PLAYED IN THE FORMULATION OF THE PROPOSED RULES BUT IT IS UNDERSTOOD THAT A NUMBER OF PROVISIONS IN THE FINAL DRAFT WERE MADE AT THE SUGGESTION OF FTC OFFICIALS.**

eral months of deliberation by the five members of the subcommittee, informal conferences between them and representatives of the federal trade commission in Washington, and meetings with an advisory group representing 10 interested insurance trade associations the subcommittee completed its drafting of the proposed rules.

In a letter accompanying the suggested rules now being sent to the insurance commissioners of the states and to companies engaged in the business, the subcommittee points out that its conferences with FTC officials were for the purpose of providing mutual advice and counsel, and in accordance with an NAIC-FTC understanding, the proposed rules have in no way been approved by the commission. It is proposed that the rules in their final form be adopted and promulgated by each state insurance commissioner to assure uniform regulation on a nationwide basis.

The rules will be fully reviewed at a public hearing sponsored by the NAIC subcommittee, to be held Nov. 26 at the offices of New York City Bar Assn. The companies and the state commissioners are invited by the subcommittee to offer their views and suggestions at the forthcoming meeting in New York, preferably through their respective trade associations, or if they desire, in writing as individuals or company representatives.

The rules developed by the subcom-

(CONTINUED ON PAGE 48)

## Give Timetable for NAIC Parley in New York City

The hour-by-hour program of committee meetings and plenary sessions and the topics that are to be taken up are listed for the semi-annual meeting of National Assn. of Insurance Commissioners, scheduled for Nov. 18-Dec. 2 at the Hotel Commodore, New York City.

Matters exclusively of interest to life insurance persons are not included. NAIC's 1956 annual meeting will be held May 29-June 1 at the Jefferson Hotel, St. Louis.

**Monday, November 28**

9 a.m.—Subcommittee on company reports on individual A&H claim settlements, Martin, Louisiana.

Subcommittee on credit life and credit A&H insurance regulations, Larson, Florida.

Subcommittee on workmen's compensation small policy economies, Humphreys, Massachusetts.

10 a.m.—Subcommittee to study enlarging the functions of the assistant secretary's office, Jackson, Maryland.

Subcommittee to study NAIC constitution and by-laws, Bisson, Rhode Island.

11 a.m.—Subcommittee on installment premium reporting in annual statements, Holz, New York.

Subcommittee on uniform accounting, Taylor, Oregon.

Subcommittee on valuation of securities, Humphreys, Massachusetts.

12:30—Passe Club International—luncheon meeting.

1 p.m.—Subcommittee on examinations practice and procedure manual revision, R. O. Hooker, Connecticut.

2 p.m.—Subcommittee on examinations methods, practices and laws, R. O. Hooker, Connecticut.

Subcommittee on state laws governing misleading and deceptive advertising, Pansing, Nebraska.

Subcommittee on statistical classifications for sprinklered risks, Jackson, Maryland.

3 p.m.—Subcommittee on Blue Cross-Blue Shield, Pansing, Nebraska.

Subcommittee to study the problems incident to the cancellation of A&S policies, Gillooly, West Virginia.

Subcommittee to study reserves for guaranteed renewable A&H policies, Holz, New York.

Subcommittee on uniform surplus line law, Gold, North Carolina.

4 p.m.—Subcommittee on advertising code, Pansing, Nebraska.

Subcommittee on commercial pension funds

and trustee welfare funds, Navarre, Michigan. Subcommittee on multiple line underwriting, O'Connell, Idaho.

5 p.m.—Subcommittee report to study proposed brokers minimum qualifications and licensing bill, McConnell, California.

**Tuesday, November 29**

9 a.m.—Executive committee, Navarre, Michigan. (1) executive committee report of Chicago meeting Nov. 1, 1955. (2) To study enlarging the functions of the assistant secretary's office subcommittee report. (3) To study future sites for NAIC meetings subcommittee report. (4) To study NAIC constitution and by-laws subcommittee report. (5) Blanks committee report. (6) Assistant secretary's report. (7) Any other matters submitted for consideration.

10:30 a.m.—Plenary session, Leggett, Missouri. 1 p.m.—Committee on definition and interpretation of underwriting powers committee, Bisson, Rhode Island. (1) Classification of fire, marine, casualty insurance committee report. (2) Interpretation of Nation-wide marine definition committee report. (3) Any other matters submitted for consideration.

Committee on valuation of securities, Pansing, Nebraska. (1) Valuation of securities subcommittee report. (2) Any other matters submitted for consideration.

2:30 p.m.—Committee on laws and legislation, Combs, Arkansas. (1) To study proposed broker's minimum qualification and licensing bill subcommittee report. (2) Uniform surplus line law subcommittee report. (3) Any other matters submitted for consideration.

Committee on workmen's compensation, Mahoney, Maine. (1) Workmen's compensation small policy economies subcommittee report. (2) Any other matters for consideration.

4 a.m.—Committee on federal liaison, Goebel, Kentucky. Joint meetings with committees on (1) federal liaison co-ordinating and (2) insurance sales on U.S. military reservations. (3) Advertising code subcommittee report. (4) Any other matters submitted for consideration.

**Wednesday, November 30**

9 a.m.—Committee on blanks, Howell, New Jersey. (1) Accident and health claims data. (2) Any other matters submitted for consideration.

Committee on casualty and surety, Jackson, Maryland. (1) Financial responsibility laws on a reciprocal basis between U.S. and Canada subcommittee report. (2) Automobile insurance rates and standard automobile policies as related to an agreement for non-cancellation with lending institution (W. Virginia). (3) Any other matters submitted for consideration.

10:30 a.m.—Joint meetings of fire and marine and flood and hurricane committees Bisson, Rhode Island. Fire and marine agenda includes: (1) Installment premium reporting in

(CONTINUED ON PAGE 46)

## Flood Cover by Insurers Seen as More Remote

Engineering Report Is Discouraging; N. C. Group Hears Other Proposals

A preliminary report from the engineering firm of Parsons, Brinckerhoff, Hall & MacDonald, based on a study of recent floods in the east, is not encouraging to insurers, Milton W. Mays, secretary of America Fore group and chairman of the flood committee of American Insurance Assn., told the conference in Raleigh, N. C., of Commissioner Gold and the North Carolina insurance advisory board investigating what possibility there is of the private insurance business providing insurance against loss from wave wash, floods, and rising waters, which have hit North Carolina hard as a result of hurricanes in the past year.

"Based on preliminary findings of the engineers," Mr. Mays said, "we have learned that as far as devastation from water along the coastal areas here is concerned, we have experienced nothing yet compared to what is possible with the right combination of circumstances. So we are really learning something from what the engineers are studying for us, and I have an idea that when the findings are made public they will be quite frightening. We haven't yet found it feasible to write that kind of coverage and I haven't yet seen anything to cause us to change the position of the stock companies, which is that specific flood insurance on fixed-location properties in areas subject to recurring floods is impractical because of the virtual certainty of loss, its catastrophic nature, and reluctance or inability of the public to pay the cost required to make such insurance self-sustaining."

Edwin S. Pou of Raleigh, a member of the advisory board, said he felt the situation was hopeless for the companies to provide the coverage and "I think we should tell the public that it may not be the right strategy, but it is the truth as far as I see it."

Mr. Mays agreed that "we shouldn't lead the public to believe we have something up our sleeves, for frankly we haven't."

However, J. Leslie Atkins Jr. of Durham, another member of the advisory board, said he feels that catastrophe insurance "is going to come one way or the other" and that the business should make every effort to participate in some manner.

Insurance representatives included W. S. Bizzell, manager, and C. E. Hibbard, assistant manager of N. C. Fire Insurance Rating Bureau; Fuller Glass of Durham, president of Southern Fire, and C. D. Arthur of Raleigh, assistant manager of Great American, members of the rating bureau's governing board;

(CONTINUED ON PAGE 39)

## Late News Bulletins...

### Culwell Made Southwest General V-P

Ben L. Culwell has been named vice-president of Southwest General of Dallas. Mr. Culwell joined Southwest General as marine department manager in 1954, and was promoted to secretary in 1955. As underwriting vice-president, he will have operating control of a completely integrated, all-lines underwriting department.

### N.Y. Welfare Fund Hearing, Mass. Report

The New York insurance department will hold a public hearing Nov. 21 to give those interested an opportunity to present views on the operation of union welfare funds. Superintendent Holz will preside and Martin S. House, special counsel of the department on welfare funds, will conduct the hearing.

The department is expected to develop rules and regulations based on the hearing and its investigations into abuses in the operation of such funds, and undoubtedly will have a program of legislation to present to the next legislature. The hearing will be held at the New York County Lawyers Assn., 14 Vesey Street, New York City.

In Massachusetts a special legislative commission headed by Sen. Conte reported that welfare funds there are unregulated, which "leads to an open invitation to exploitation by the unscrupulous." The term of the commission expired Nov. 1 and the report urged continuation of the study.

(Additional Late News on Page 48)



## St. Louis Walkout from Missouri Assn. Subject of Parley

ST. LOUIS—The breadth and depth of the cleavage between the Insurance Board of St. Louis and Missouri Assn. of Insurance Agents and apparently also the National Assn. of Insurance Agents is still in the unofficial and somewhat speculative stage.

The terse official statement of J. Boyd Hill, president of the St. Louis board, reported last week, didn't pinpoint the situation at all. Simply it said, "At a meeting today the executive committee of the Insurance Board of the City of St. Louis made a resolution to withdraw all support to the Missouri Association of Insurance Agents effective as of today." There are several different interpretations as to just what the board meant.

In New York City, NAIA through George Hanson, acting secretary and general counsel, took a rather optimistic view of the situation. He stressed that "so far the Insurance Board has only 'withdrawn support' and not resigned." Its membership is still in effect and will continue to be unless NAIA is notified to the contrary by the Missouri association, he added.

In Maryville, Mo., Joe Jackson, president of the state association until 1956, wasn't too sure just what the St. Louis board resolution accomplished or meant, it appears. For he forthwith sent a telegram to President Hill demanding an immediate reply to a query along those lines. Did it mean only the insurance board, the executive committee or all of the individual St. Louis members of the NAIA were "withdrawing all support."

President Jackson also has called a meeting of the executive committee of the state association, to be held in the Governor Hotel, Jefferson City, Nov. 18. Seven members of the executive committee are from St. Louis. It was not immediately certain any would attend the Jefferson City meeting.

Lyman L. Winter, the newly-elected president of the state association, was expected in St. Louis Nov. 15, in an apparent effort to throw some needed oil on the troubled waters. Some men in the industry, who are sort of on the sidelines, are hopeful the groups can resolve differences, while admitting these are very deep-rooted and of long standing.

Reportedly, also, national president Kenneth Ross was keeping in close touch with the situation and planned to take action he hoped would effect peace. Mr. Hanson at New York quoted President Ross as being of the opinion "that all will be well shortly."

The representation of reciprocal and mutuals by members of the Missouri association ruffles the fur of the St. Louis agents, at least for the most part. Many outstate agents don't share the same views about representing mutuals and reciprocals and in recent years a number of new members of the MAIA have either mutuals or reciprocals in their offices and in some instances both.

The deepest root of the sharp differences is that St. Louis is a so-called "excepted city" which means an extra 5% commission for certain of the local agents. There are other differences of a more practical nature. On three different occasions the state headquarters have been taken from St. Louis

## Air Trip Insurance Loss Heavy in Col. Plane Crash

There will be a whopping aviation trip insurance loss in connection with the crash of the United Airlines plane near Longmont, Col., topped by a total loss for Continental Casualty of \$650,000. Besides the Airport Sales Corp. insurance booth, for which Continental is the insurer, vending machines are maintained at the Denver airport by Associated Aviation Underwriters and Teletrip, for which Mutual Benefit H. & A. is the insurer.

The fact that the Longmont crash occurred shortly after the crash of another United Airlines plane in Wyoming is considered the reason why there was such a large amount of trip insurance purchased by those who died in the second crash.

The youth who reportedly confessed to placing a bomb in the plane before it left the Denver airport, had purchased \$37,500 of insurance from a Teletrip vending machine. This insurance was not valid, however, since the policy was not signed by the insured, his mother.

Mr. and Mrs. Fredrick Morgan of Wilmette, Ill., had purchased \$125,000 of insurance, the maximum available, before leaving the Chicago airport. Continental Casualty had this coverage, which cost \$5. Two minor daughters were named beneficiaries. The parents were reported as having an estate of less than \$20,000 other than the air trip insurance.

Sales of air trip insurance increase tremendously following a crash, according to underwriters. Customarily, though, once publicity ends the sales trend returns to normal.

Because of the bizarreness of the Longmont crash, it is thought by some observers that air trip insurance will be brought to the public's attention much more than ever before, meaning that insurance sales at airports could continue at an amazingly-high level for some time.

## A. L. Eckols Named to Cornbelt Field Position

And L. Eckols, for several years northern Illinois manager for State Auto of Indiana, with headquarters at Bloomington, has joined Cornbelt of Freeport, Ill., as a field man.

Cornbelt only recently began writing auto coverages in Illinois. Mr. Eckols has a comprehensive experience in this line. The company now has 325 agents in Illinois and its fire premiums are now running at a rate twice that of a year ago.

## Wichita Agents Hold Buyers Meet

Maynard W. Whitelaw, executive supervisor of Western Adjustment at Chicago, was the featured speaker at the Executives and Insurance Buyers Conference sponsored by Wichita Assn. of Insurance Buyers. Mr. Whitelaw discussed business interruption insurance.

and in each instance the financial results haven't been too good. On previous occasions the St. Louis agents have been asked to bail out the state group. The withdrawal of all financial support from St. Louis would leave the state association facing a very serious financial crisis even if all of the present other members in Missouri would pay the 50% increase in dues set for next year.

## Rumor Thurman to Serve Again as Ky. Commissioner

Cad P. Thurman, 60, state agent for Continental of the America Fore group and former Kentucky commissioner, is being mentioned in Kentucky insurance circles as a likely choice for commissioner when A. B. Chandler, governor-elect, takes office.

Mr. Thurman, who has been Continental's state agent for more than 30 years, was given a leave of absence from the company when he served as commissioner from 1948 to 1949. He is active politically and supported Mr. Chandler, who ran as an independent Democrat without state party support.

Mr. Thurman began his insurance career as a local agent at Hodgenville, Ky., and then joined Continental. He is a past president of Kentucky Fire Underwriters Assn. and Kentucky Fire Prevention Assn. and a past MLG of Kentucky Blue Goose.

## Naghten Agency at Chicago Has Changes in Top Officer Titles

There has been a realignment of titles among the top officers of John Naghten & Co., metropolitan supervising agency at Chicago. John A. Naghten becomes chairman and he is succeeded as president by Emile E. Dantonet, formerly executive vice-president. Mr. Naghten continues as the principal owner.

Other officers are Frank Pribish, executive vice-president; Edward J. Lange, vice-president and secretary, and M. A. McLendon, treasurer.

In addition, Paul G. Giberson has joined the agency as a vice-president, and will be primarily interested in the development of casualty accounts and Lloyds and surplus lines business. For several years Mr. Giberson has conducted the Giberson agency at Chicago, and he is amalgamating that business with the Naghten agency. Mr. Giberson has wide production experience and before forming his own agency was with Joyce & Co. at Chicago. An associate of the Giberson agency, Charles Strissel, also is joining Naghten & Co.

Mr. Naghten, who has been with the agency since 1928, has the singular distinction of being the third member of a family to serve as president of Chicago Board of Underwriters. His late father, J. I. Naghten, and his late uncle, M. J. Naghten, both of whom enjoyed national insurance prominence, served as Chicago Board president. John A. Naghten headed the board in 1945-47.

Mr. Dantonet joined the agency that was organized in 1863 about 10 years ago. He has been in the insurance business more than 30 years, including service with National Surety and the Starkweather & Shepley agency.

Mr. Pribish went with the Naghten agency in 1945 after 18 years' experience in Chicago with Rollins Burdick Hunter and two years of agency experience in St. Louis. Mr. Lange has spent his entire business career with the agency, more than 30 years. Mr. McLendon was with the Chicago Board for some 30 years before joining the agency about two years ago.

Samuel Kaufman has been elected president and Henry King vice-president and treasurer of Wolf & Cohen, Washington, D. C., local agency.

## Phoenix Indemn., Phoenix, Eng., in U.S. are Merging

Effective at year end the U.S. branch of Phoenix Assurance will be merged with its casualty affiliate, Phoenix Indemnity into Phoenix Assurance Co. of New York. All of the U.S. assets and liabilities of Phoenix of London will be transferred to Phoenix Indemnity under the new name of Phoenix of New York. Capital is being increased from \$2 million to \$3 million and a consolidated statement will show assets of approximately \$35 million with surplus to policyholders of more than \$11 million.

H. Lloyd Jones, president and U.S. manager of the companies of the Phoenix of London Group, said the step is being taken to enlarge resources to policyholders and to simplify operations for agents, most of whom already represent both of the companies being joined. Otherwise, no change in management, affiliations or company policies is contemplated.

Following the merger, Phoenix of London group will be composed of Phoenix of New York, London Guarantee & Accident, Columbia of New York, United Firemen's and Union Marine & General.

Phoenix of London first entered the U.S. in 1805, and Phoenix Indemnity was organized in 1922 to provide casualty facilities to agents of the parent company. Since 1935 management of all companies of the Phoenix of London group has been combined, and operations both in the home office and the field closely coordinated. This makes the merger a logical development in view of the present trend toward large multiple line companies, according to Mr. Jones.

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## Legislative Probe of Credit Insurance Sought in Indiana

### Abuses Publicized, Move Made to Tighten Agent License Supervision

The Indiana insurance department moved last week to tighten up its supervision of agents' licenses, with particular attention directed to credit life and A & H agents.

The action came shortly after a series of front-page articles in the *Indianapolis Star* on abuses in the credit insurance field and also followed announcement by Lt. Gov. Handley and House Speaker Diener of a sweeping investigation of alleged credit insurance abuses. A special session of the legislative advisory commission has been called for Dec. 6, to approve formation of an investigative subcommittee. Purpose of the subcommittee, according to Messrs. Handley and Diener, will be "to look into all phases of the credit insurance business" in Indiana. Included, they said, will be a probe of such factors as:

- The extent of involuntary and coercive practices in the sale of tie-in credit insurance with the making of small loans.
- The extent of the practice of "kicking-back" insurance commissions to the lending company in defiance of the law.
- The extent of recruiting insurance agents among loan company personnel without regard for their qualifications to write insurance premiums.
- The effect on the small loan business of individuals acting in dual capacities as officers of both loan companies and credit insurance firms; and the influence wielded by individuals having inter-locking holdings in such businesses.
- The possible need for legislative action to clarify and strengthen the regulations administered by both the state department of financial institutions and the insurance department.

In a special bulletin to all companies licensed in the state, William J. Davey,

new commissioner who took office on Oct 17, called attention to the fact that the licensing law makes no distinction between the requirements for credit insurance agents and regular agents. He warned that in the future, credit agents applying either for a new license or renewal of their old license would have to submit evidence of compliance with the state qualification laws.

In the bulletin, Mr. Davey declared the warning had been necessitated "by information reaching this department that a few companies" have represented to the department that they have qualified their men in accordance with the law when, in fact, they had not done so at all.

Violation of the license qualification laws by an agent will be cause for revocation of his license; the bulletin declares, and "in the case of any insurance company which collaborates in or condones any or all of the above designated illegal practices, the full penalty prescribed by law will be invoked."

The commissioner's bulletin also stated categorically that a life license authorizes an agent to write only life and not A & S. "Any life insurance agent who desires to sell A & H, including credit A&H, must, without any conditions attached thereto, take and pass this department's written examination for an A & H license."

Indiana has two classes of licenses: "life" and "other than life." An agent applying for a life license has six months in which to complete a course of study approved by the department. When satisfactory evidence that he has passed such a course is certified to the department by his company or general agent, he is issued a permanent license. In lieu of completion of such a course, he may take a written examination; and the department is authorized to require a written examination in any case in which it might care to.

The "other than life" license is issued only upon written examination. It covers general insurance and A & H. However, for a number of years, the department has allowed agents who plan to write A & H but not general lines to take an examination covering A&H alone and omitting general lines.

The department is also in the process of setting up minimum requirements for approved life training courses and for the area to be covered by A & H examinations.

## ALLSTATE V-P SPEAKS

### Calls Compulsory Auto Insurance a Dismal Failure, But Praises UM

The public receives more protection from voluntary plans offered by the insurance industry than it does from the compulsory automobile insurance which is intended to solve the problem of the uninsured motorist, Henry S. Moser, vice-president and general counsel of Allstate, declared at the first annual insurance seminar at Louisiana State University, Baton Rouge.

Compulsory automobile insurance would aggravate rather than solve the problem of UM, Mr. Moser told the meeting sponsored by the casualty and surety division of the Louisiana Insurance Rating Commission and the college of commerce of L.S.U.

"Compulsory insurance in any state cannot afford relief to those involved in accidents caused by non-residents," Mr. Moser said. "This is a substantial number. It has been determined that 6% of the motor vehicle accidents in

New York State involve automobiles registered in other states."

"Further, compulsory insurance cannot provide a remedy in cases where persons are injured or killed by drivers of stolen vehicles, improperly registered vehicles, or by those whose insurance has been cancelled," he continued. "As recently as three weeks ago, testimony was presented at the annual compulsory insurance rate meeting in Massachusetts that in 1954 there were thousands upon thousands of uninsured individuals operating motor vehicles on the Massachusetts highways not withstanding its compulsory law."

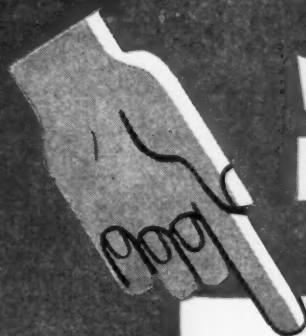
In Massachusetts, the only state to pass such legislation, the compulsory law tends to restrict or decrease the purchase of insurance other than the minimum required by law, Mr. Moser

(CONTINUED ON PAGE 28)

## N.Y. Fire Protection Men Inspect Pier



Seventy-five members of New York Chapter of Society of Fire Protection Engineers attended a luncheon meeting aboard the Grace Line's S.S. Santa Paula. Left to right at this table are Walter N. Prengel, captain of the port, Grace Line; J. Donald Lodge, consultant, Railroad Insurance Assn.; Pierce J. Connelly, supervisor engineering division, Johnson & Higgins; William E. Grubert, Royal-Liverpool, vice-president of the chapter; Henry W. Moeller, vice-president, Grace Line; Spencer T. Stack, New York Fire Insurance Rating Organization, president of the chapter; and William W. Rodgers, secretary, J. G. Griswold & Co. Following the meeting, the members inspected the Grace Line pier which is of unique construction with maximum safeguards against fire, including both an ADT-supervised sprinkler system and the Aero automatic fire alarm.



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- . . . averages more than \$500.00 in premium per sale?
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## Leggett Rejects Proposed Changes in WC Rate

JEFFERSON CITY, MO. — Commissioner Leggett of Missouri has disapproved the proposals of National Council on Compensation Insurance for a general revision of the state's workmen's compensation rates, rate-making procedures and retrospective rating plans.

At a public hearing conducted by Mr. Leggett, spokesman for Associated Industries of Missouri opposed the proposals which would have resulted in an over all average increase of 6.3% in WC rates, effective Nov. 1, and applicable to new and renewable business only. They also opposed rate-making procedures which would provide for an expense factor of 32% and a loss factor of 69%, plus loss and expense constants. The expense factor now is 41% and the loss factor only 59%, plus loss and expense constants.

The proposed change in the loss factor would have been accomplished by transferring a factor of 8.2% to the loss side of the rate. Under this procedure the item of expense for adjusting claims would be expressed as 14% of the losses instead of 8.2% of the premium as in past years. The National Council on Compensation on behalf of insurers attempted to justify this proposed change as in the interest of insurers on grounds that they were placed in the unfortunate position under the old system of having to explain that 41% of the premium was for expenses of the insurance business when actually that was true only as to the first \$1,000 of premium. The operation of the premium discount plan and retrospective rating plans on those premiums in excess of \$1,000 serves to reduce the expense factor of 41% by a substantial amount.

Spokesmen for the insurers claimed that under the proposed plan they would be more logical and accurate in expressing the true facts when they reported 68% of the premium as allowable for losses and loss adjustment expenses and 32% for expense. In making the proposed change the carriers would have built up their pool for losses by 14% and would have referred to the pool as "losses and loss adjustment expenses." It was not contemplated that the actual loss adjustment expenses themselves would be reported for inclusion with the actual losses, but that the loss adjustment expenses would continue to be expressed as a percentage of losses.

Missouri WC premiums for the calendar year ending on June 30, 1955, totaled \$27,190,812, while losses for the same period were \$16,150,812.

Superintendent Leggett said he disapproved the proposal for the rate increases because it was unreasonable.

## Dedrick to Head Fire Unit for Zurich - American

Gilman T. Dedrick has been appointed superintendent of the fire insurance department in the New York office of Zurich-American.

Mr. Dedrick entered the fire insurance business in 1920 with Phoenix of London where he was employed until 1934 in the underwriting and brokerage departments. After a number of years with Glens Falls as special agent he joined Security-Connecticut group as superintendent of the New York branch in charge of metropolitan, suburban and country-wide business, including general cover lines.

## Big Week for Insurer Stocks

The activity in insurance stocks was unusual during the past week. The big activity was in the stock of Connecticut General Life and National Fire, which the life company board has voted to purchase in an exchange of stock. National Fire stock went to \$160 and was very scarce. A special block of 6,000 shares Connecticut General stock was marketed by First Boston Corp. It was not an offering by Connecticut General but came from a large, unidentified holder. Prices went to \$614 a share, \$70 up from the price at the beginning of last week. Later the Connecticut General price returned to the \$540 area. The block was offered at \$540 a share with a \$20 commission to dealers. The offering was the largest ever to go on the Hartford market.

During the week also 14,000 shares of Travelers' stock went on the Hartford market at \$86.25 a share and was sold out in 10 minutes. The offering, worth more than \$1,200,000, was by White, Weld & Co. acting for an unidentified seller. The speed with which the offering was absorbed gave brokers little or no opportunity to participate in the distribution. Though there was no connection between the sale of 6,000 shares of Connecticut General stock and the sale of the Travelers' shares, financial men were much impressed by the speed with which the large amount of insurer equities was absorbed and by the lack of effect on the price.

In the meantime Springfield F. & M. stock was up about \$7, from \$57 to \$64 in two weeks on the rumor of a stock dividend.

The Connecticut General-National Fire combination is regarded as highly significant and may act as a catalyst for more mergers in the insurance business, where there have been fewer than in the general industrial and business area. Insurers are not immune to the influences being felt in other fields. Competition is increasing, expenses are difficult for smaller and even some medium sized companies to hold down, and premiums will not continue to increase forever at the rate of recent years.

Specifically, the Connecticut General's projected purchase of National Fire at the price paid will tend to increase prices of fire and casualty insurer stocks, financial men say. Such stocks, which have been selling well below book or liquidating value, are expected to move up, with a consequent increase in activity in fire and casualty shares.

## U.S.F.&G. Promotes Pyle to Cincinnati Office

W. L. Pyle has been named assistant manager at Cincinnati for U.S.F.&G., under Manager H. B. Hupp.

Mr. Pyle, a graduate of West Virginia university and an attorney, joined U.S.F.&G. in claims work in West Virginia after the war. He spent five years in this work and five years as a special agent. For the past year he has been assistant manager at Charleston, W. Va.

## Another Night Claim Office to Aid Crowded Court Schedule

Massachusetts Bonding has joined parade of companies staying open at night in New York City with claim facilities in order to expedite their handling and reduce court congestion.



## Cost Factor in Claim Handling: Allocation, Control and Erosion of Its Defenses

By WILBUR A. STEVENS

Claim Manager Hartford A&I  
Newark, N. J.

Probably no item of expense in any business has enjoyed more administrative concern than the cost of handling claims. Yet, strangely, in a business whose very existence is dependent upon elaborate statistical records, it is yet today an illusive anomaly—trimmed, streamlined, identifiable, but not allocable. This is due, to a large extent, to the variety of methods of loss accounting in use, not only between companies but, often, in the same company—to an extent that it is hard to believe they are all trying to do the same job. Frequently these variations result from the dominance, originally, of a different class of business. While it is true that there are certain basic operations that must be performed for all classes, it is also true that the basic characteristics of the various types of loss do not support variations in handling methods.

While the basic purpose of loss accounting, as of all accounting, is the establishment of the company's financial condition, a secondary purpose, but of almost equal moment, is the development of statistical data by which company management effectively controls loss adjustment and underwriting practices and by which the business achieves reasonable rates.

The purpose of "allocating" expenses to individual losses is found in the processes of rate making—both individual risk rating and group classification rating. Any rate is the more correctly determined the more its components are directly arrived at, and the less it is dependent on overhead loading factors applicable to all business uniformly. Many students contend that all loss adjustment expenses that can legitimately be allocated to the individual claim or risk should be included in arriving at the basic loss experience in rate making.

There are serious obstacles to the fulfillment of this worthwhile objective, the greatest of which is the cost of accounting revision which would make no change in the net return to the insurer, and merely transfer an element of the rate from the overhead to basic. Practices differ in inclusion of expense in rate making. Fire rates are made on pure losses with all expense as overhead. Provision is made for allocation to states to determine the state factor. Workmen's compensation losses are also pure losses, but medical expense treatment is considered part of pure loss. Most other lines include allocated loss expense as part of the loss.

While agreeing generally that expense charged directly to a given loss is allocated expense, the various rating and statistical groups differ to some extent as to what is included in allocated expense. For example: National Bureau of Casualty Underwriters and Mutual Insurance Rating Bureau have one method, while Surety Assn. of America, National Assn. of Independent Insurers and National Automobile Underwriters Assn. each uses a different definition.

As was eloquently expressed by the president of one large casualty company:

"The figures exhibited each year may or may not be demonstrative of

anything because there are so many variations in company systems of compiling their figures; published statistics cannot be taken as a real guide for comparative purposes."

This was the situation in which the business found itself barely 10 years ago when a series of events focused the attention of the insurance world on the

importance of the expense factor—and the dearth of supporting data. The general rate revisions of 1943 and 1944 were followed by the Supreme Court decision in the SEUA case in 1944, then public law 15 in 1945. This law, placing a moratorium on the enforcement of the regulatory provisions of the federal laws until 1948, gave the states an opportunity to strengthen their own regulatory statutes.

Public law 15 was a powerful incentive to the states to adopt stricter rate regulations. An essential part of any

revision in that direction is uniform accounting. This lesson was learned in this country as early as 1887 when, with the passage of the interstate commerce act, it was realized that it would be impossible to regulate the rates charged by the many corporations subject to the act unless a uniform system of accounting was maintained.

Regulation 30 adopted in New York in 1948 under the authority of section 189 of the insurance laws and which was made the basis of the uniform accounting instructions of National

(CONTINUED ON PAGE 32)



## Somebody's been horsing around!

And Old Dobbin won't be worth his oats until his aft foot gets the same kind of shoe as the shoe he lost—the same kind as the other three. Wouldn't you feel gyped, too, if you got a substitution instead of a replacement.

So to protect your policy holder when he has a broken car window replaced, tell him to specify the same brand and quality of Safety Glass that's in his other windows. (For example: Safety Plate Glass should not be replaced with Safety Sheet Glass.)

**P. S.** Send for a supply of handy forms for glass replacement orders. Ask for SG-40. Write to Libbey-Owens-Ford Glass Company, 608 Madison Avenue Toledo 3, Ohio.

For further information call your independent L-O-F Distributor or Dealer (listed under "Glass" in phone book).

**LIBBEY·OWENS·FORD** SAFETY  PLATE a Great Name in Glass

## PILLARS of MUTUAL SATISFACTION

*Lumbermens  
of Mansfield*

Non-assessable, dividend paying, good will policies and services have been the mainstays of our growth.

We suggest that you join us for your share of the good will — and the profit.

BRANCH OFFICES  
Dallas, Texas  
Los Angeles, Calif.

Today LUMBERMENS is a highly valued company because a solid foundation was laid in the beginning—a foundation for working for the benefit of all concerned in our underwriting transactions.

From this solid foundation rise our four pillars of Mutual satisfaction—

- Non-assessable, dividend paying policies.
- Speedy and just settlements for losses—anywhere across the nation.
- Agency sales helps, promotion material, and personal sales guidance.
- Substantial returns to our agents, plus the good will now recognized as outstanding in our fields of coverage.

We suggest you join us. Write today for your copy of "Gold Mines on Main Street".

Good Will Policies across the Nation

THE LUMBERMENS  
Mutual Insurance Company  
MANSFIELD, OHIO



## Advertising Survey Discloses Confusion and Eisegesis

There is a tremendous amount of confusion in producer ranks as to just exactly what "advertising" is. Many offices do not understand at all the difference between advertising, customer relations and public relations. This, it appears, is one of the major stumbling blocks to effective and efficient use of advertising at the producer level.

These statements form one of the major conclusions of the just-released first reports of the extensive advertising survey conducted among thousands of producers during the past four months by the editors of *The Fire, Casualty & Surety Bulletins* of The National Underwriter Co.

Analysis of hundreds of lengthy and detailed questionnaires completed by producers from all of the 48 states, the District of Columbia, Hawaii, Alaska and Canada revealed that many producers have a basic misconception as to the meaning of the term "advertising."

The survey reports indicate that many agents feel that service, good will and public relations activities are a substitute for advertising instead of an adjunct to it. On the other hand, many producers are aware that advertising is most effective, when, after it has provided the initial inducement to buy, courtesy and efficient service are manifest.

The survey designed to find out what producers were actually doing in the way of advertising and what they intended to do in the future—probed methods employed by offices under \$25,000 premium volume and over \$250,000; offices in towns of under 5,000 population and over 1 million.

Intensive study of methods of these diverse offices revealed further that in spite of attention given to local advertising there is still no pattern for advertising which guarantees success in the form of more business. As a matter of fact, the F.C.&S. survey disclosed that it was not at all possible to map out any formula or formulas which were most popular—in any size agency or town.

There were decided preferences as to media. The most popular media were newspapers, novelties and direct mail. More offices used newspapers than any other single medium according to the survey reports.

Certain methods proved most popular with some premium groups and not with others. However, there were also considerable differences of opinion within premium income groups, depending upon the size of the community in which the offices were located. Two comments on the use of radio were cited. One agent who uses radio spot announcements believed radio to be the most effective phase of his advertising activity. Another agent in the same premium bracket, but in a much larger community, took a dim view of radio, stating it was too expensive and unrewarding in a heavily populated area.

It should be noted that 14 producers—including one in a community of 3,000—made some use of TV.

There was a surprising number of highly effective and unusual advertising methods which were developed with a minimum of expense. One agent, for example, sponsors annually a poster contest in which total awards are but \$30. In one recent year, there were 170 entries, and interest and enthusiasm engendered by the contest kept his name in public consciousness for a period of weeks.

Because of the extreme range of answers to the survey questionnaire, the editors of the F.C.&S. *Bulletins* were rather chary in drawing conclusions. Another obvious fact which emerged was that there is a need for professional advertising counsel at the producer level. With notable exceptions, most producers are not equipped to deal successfully with the mechanics or execution of an advertising program.

As a corollary to this, the survey reveals that much advertising is expended fruitlessly because there is no evaluation of its effectiveness. Undoubtedly, a more professional approach would eliminate this waste.

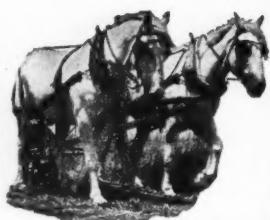
The survey reports are included in the first material prepared by the editors for a new section in the F.C.&S. *Bulletins* devoted specifically and exclusively to advertising. Free copies of the reports are available from the publishers at 420 E. 4th street, Cincinnati.

## Alaska Agents to Meet at Ketchikan, Dec. 6-10

The annual convention of Alaska Assn. of Insurance Agents will be held Dec. 6-10 at Ketchikan. R. N. Hardcastle of Ketchikan is in charge of arrangements.

The convention will include a tour of the city and a pulp mill.

## TEAMMATES



Horsepower for production is doubled when you harness Life with Accident and Sickness insurance.

### DOUBLE YOUR SALES... DOUBLE YOUR INCOME

Sell COMPLETE protection by ADDING Life to Monthly Premium Accident and Health, Hospitalization and Employee Benefit Plans.

### NEW MONTHLY PREMIUM

Whole Life paid up at 75 (ages 1-60)  
20-Year Payment Life (ages 1-55)

- |                                 |                                     |
|---------------------------------|-------------------------------------|
| ★ Adequate Limits               | ★ Cash Surrender Values             |
| ★ No Occupational Restrictions  | ★ No Rate Discrimination            |
| ★ Brief Non-Medical Application | ★ Automatic Extended Term Insurance |

A DYNAMIC business and income producing PLAN FOR YOU with high first year and renewal commissions.

PLUS a full line of Commercial and Monthly Premium Accident, Accident and Health, Hospitalization, Surgical, and Employee Benefit Plans.

For information concerning general agencies and territories:  
Write to John F. Leibig, Vice-President.

Over 50 years



of distinguished service

NATIONAL ACCIDENT & HEALTH  
INSURANCE COMPANY  
OF PHILADELPHIA  
244 South 8th Street, Philadelphia 7, Pa.

## AGGRESSIVENESS ... A typical attribute of the most successful Insurance Agents

Bold, decisive aggressiveness—tempered with practical common sense—is the mark of men who have reached an executive status in their chosen field. Insurance agents with this quality invariably prefer to represent companies with exceptionally aggressive (and progressive) managements.

PAN AMERICAN  
Fire & Casualty  
Company



Insurance  
Company

EARL W. GAMMAGE, PRESIDENT

P. O. BOX 1662

T. EARNEST GAMMAGE JR., EXEC. V. P.  
HOUSTON 1, TEXAS



## Interstate WC Rating Bureau Is Effective Machine for Handling Complicated Job

In these days of increasing competition in the insurance business, successful effort to simplify the constantly increasing complication of insurance procedures are particularly noteworthy. In the workmen's compensation field, National Council on Compensation Insurance is making real contributions of this kind, especially with its new policy form which recently went into use, the small risk program presently under investigation and the interstate rating program.

The interstate program, which is under the direction of E. K. Bach, has developed into one of the major services of National Council, and after surmounting tremendous difficulties natural to the development of a new, large scale operation, has attained a highly regarded place in the business. In its growth from 2,000 risks in 1948 to 24,000 in 1955, and from a staff of three to 70, the bureau has proved that a difficult and complicated rating procedure can be handled simply and effectively.

The principle of interstate experience rating is not new. As Mr. Bach points out, it was first introduced by National Council in 1923 and continued in operation until 1932. At that point it was dropped because many important states had not approved an interstate experience rating plan, the system of such rating was extremely complicated, and the results obtained did not appear to warrant the expense of operating the plan when so few states subscribed.

However, with the passage of public law 15 and the adoption of state statutes establishing rate supervision, the need for handling the over-all requirements of risks operating in several states became quite apparent. Accordingly, interstate experience rating was revived late in 1947.

The new plan was much simpler than the 1923 system, due to the unit statistical reporting plan of the council, as well as revisions in the experience rating plan which removed many of the old cumbersome features.

The present form of interstate rating began with three persons, as a division of National Council. Initially a system of participating and sponsoring bureaus was set up with the state having the largest premium, i.e., the sponsoring state issued the rating. Other participating states mailed their data to the sponsoring office. After almost two years this method proved cumbersome. It was decided that the interstate division in New York would act as a central receiving station. The states would prepare their own data and mail it to New York where the division would collate it, summarize the material and issue the modification. This was a decided improvement. However, to handle better the burgeoning volume of ratings the present Interstate Compensation Rating Bureau was set up by National Council in 1950.

Interstate rating is merely the bringing together state by state of all the experience of a single employer in territories subject to interstate rating, summarizing the totals of these states, and arriving at a single modification. All risks are eligible provided insured qualifies for intra-state rating in one state and develops payroll in another

state, both of which have accepted interstate rating.

Basically, the interstate rating function begins when a notification of coverage is filed with the interstate bureau in New York. The bureau depends upon the completeness of this filing because the initial setting up of the risk requires much research

and investigation on which later ratings are built. Failure to file this form means that a company is not on record as an insurer. The importance of this form and its completeness cannot be over-emphasized. Unit cards covering the payrolls and losses must be filed by the companies, state rating data from the independent bureaus must be received, and of course, rates must be available in all states involved before a rating can be issued. The development of methods necessary to the production of ratings, that is, the bringing together of various components into the finished

rating, has developed into an auto assembly line process unusual in insurance. The rate files are set up as to renewal requirement by examining units handling the ratings by alphabetical groupings, then pass through posting, checking and calculating departments, each of which handles a specific portion of the rating before proceeding to the next department. Ratings are worked on continuously from the time that the unit cards are received.

Workmen's compensation is a pe-  
(CONTINUED ON PAGE 47)



**ABA Standard Form Bank Burglary and Robbery**

**Accounts Receivable • Armored Car and Messenger**

**Automobile • Bankers' and Brokers' Blanket**

**Builders' Risk • Business Interruption • Bus**

**Combination Safe Depository • Comprehensive**

**Dishonesty, Disappearance and Destruction**

**Comprehensive Dwelling Policy • Comprehensive General and Automobile Liability**

**Comprehensive Personal Liability • Contractor**

**Depositors' Forgery • Druggist**

**Dwellings • Earthquake • Employers' Liability • Ex**

**Farmers' Comprehensive Personal Liability • Fire and Lightning**

**Garage Liability • Homeowners' "A", "B" and "C" • Householder**

**Limited Theft • Jewelers' Block • Jewelry Fur Floater • License**

**and Permit • Manufacturers' and Employers' Liability • Mercantile**

**Open Stock • Mercantile Robbery and Safe Burglary • Money and**

**Securities (broad form) • Motor Truck Cargo • Office Burglary**

**and Robbery • Payment Robbery • Personal Property Floater**

**Primary Commercial Blanket • Residence**

**and Outside Theft • Schedule Accidents • Contractors'**

**Securities • Sprinkler**

**Keepers' • Property**

**Valuable • Voluntee**

**Company**

*Consult your insurance agent or broker as you would your doctor or lawyer*

### U.S.F.&G. AGENTS

This is one of a series of advertisements, appearing in TIME, BUSINESS WEEK, NEWSWEEK and NATION'S BUSINESS, designed to help increase your business.

**U.S.F.&G.**

**CASUALTY-FIRE-MARINE INSURANCE  
FIDELITY-SURETY BONDS**

United States Fidelity & Guaranty Co., Baltimore 3, Md. • Fidelity Insurance Co. of Canada, Toronto • Fidelity & Guaranty Insurance Underwriters, Inc., Baltimore 3, Md.

## Culwell V-P, Tesch Houston Manager of Southwest General

Ben L. Culwell has been named vice-president of Southwest General. He has been marine department manager since 1954, and secretary since last January. As underwriting vice-president he will have operating control of a completely integrated, all-lines underwriting department.

Walter E. Tesch has been named resident vice-president and manager of the company at Houston. He began in insurance with London & Lancashire and has served successively in local agency and company phases of the business in Chicago and Houston. Most recently he has been marine superintendent of Aetna Fire group in the Houston area.

## Rules on Library Contents

The Missouri department has ruled that contents of libraries cannot be insured by means of a valuable papers and records policy unless such property cannot be replaced with that of a like kind and quality.

## Legislators to Hold Compulsory Auto Hearings in NYC

New York's joint legislative committee on unsatisfied judgment act and compulsory automobile insurance will hold a hearing Nov. 29-30 at the Biltmore hotel, New York City. The committee, headed by Sen. Neddo, has invited testimony on all proposals recommended to date, including those based on the financial responsibility principle, UJ funds, the uninsured motorist cover, impoundment and compulsory.

The hearings occur at the same time as he midyear meeting of National Assn. of Insurance Commissioners, which will make a busy week for the fire and casualty people.

## Snohomish County Agents Meet

Traffic safety featured the November luncheon program of Snohomish County Assn. of Insurance Agents. The meeting was attended by Sgt. John Olson, head of the traffic department of the Everett Police, Mayor C. Arvid Johnson, who is also commissioner of public safety, and Mrs. Ora Carlin,

secretary to Sgt. Olson.

Washington Fire Underwriters Assn. has scheduled a noon meeting for November 18 at Everett to acquaint agents with details of the home owners' policies.

## State Farm Auto Launches N. Y. Sales

State Farm Mutual Auto, by enrolling NBC-TV sports commentator, Red Barber, began its sales operation in New York state.

Until this year State Farm has not been in New York, New Jersey or the New England states, although it has maintained claim service facilities there.

Melvin L. Chapin, formerly in Detroit, is state director of New York with offices in Albany. The western part of the state will be handled by Howard C. Kolbus, assistant state director, in Buffalo. Agency Supervisor in Albany and central New York is Louis Simmons. Operations from Hempstead, Long Island, will be guided by Edward Kibbie, agency supervisor. At present there are 15 district managers, and agents are now being selected and trained.

## Foreign Agency and Broker Laws Booklet Published

Editors of Fire, Casualty & Surety Bulletins of The National Underwriter Co. have just completed their biennial study of non-resident agency and brokerage laws of the 48 states, District of Columbia, Alaska, Hawaii and Puerto Rico. The results are available as a separate booklet, single copy price \$1.50. This year again—but now considerably amplified—information regarding surplus or excess line licensing requirements is included. F.C.&S. Bulletins are published at 420 East 4th street, Cincinnati 2.

This tabulation was first compiled in 1941 by Levering Cartwright of THE NATIONAL UNDERWRITER and J. C. O'Connor of F.C.&S. Bulletins. Revisions are made every two years in order to reflect changes made by state legislatures and new rulings and interpretations of insurance departments.

The booklet is easy and convenient to use. Previous editions have been kept as an essential and frequently consulted reference on the desks of field men, agents, brokers, agency supervisors and underwriters. Home office and branch accounting departments have also found this information invaluable.

Under a uniform arrangement, it is revealed state by state whether a non-resident may or must be licensed, how he can obtain a license, countersignature requirements, whether commissions may be paid to out-of-state producers and how extensively a non-resident may operate in the state. The newly added material tells whether a resident or a non-resident may be licensed to place insurance with a non-admitted insurer and details the requirements, restrictions, etc., concerning this.

Statutory references are cited for each item and where the authority for an item is a formal departmental ruling, an interpretation of the insurance commissioner or an opinion of the attorney general, this is indicated.

The price for two copies is \$1.25 each; three copies, \$1.15 each; 4-24 copies, 85 cents each; 25-99 copies, 75 cents each; 100-499 copies, 65 cents each; 500-999 copies, 55 cents each and 1,000 or more, 45 cents each.

## Change Annual Date

Because of a conflict with the mid-year meeting of National Assn. of Insurance Agents, the annual convention of Alabama Assn. of Insurance Agents has been changed to May 6-8.



## OLD SUPERSTITIONS

*and what they mean*

Spilled salt is a warning of evil nearby. Since good spirits live to your right and bad spirits to your left, you must quickly throw a pinch of salt over your left shoulder to bribe evil against doing you harm.

However, the kind of protection most people believe in today is that offered by a Comprehensive Dwelling or Homeowners Policy. (Now available in most states.)



## THE London & Lancashire GROUP

THE LONDON & LANCASHIRE INSURANCE COMPANY, LTD. • ORIENT INSURANCE COMPANY • LAW UNION & ROCK INSURANCE COMPANY, LTD. • SAFEGUARD INSURANCE COMPANY OF NEW YORK • STANDARD MARINE INSURANCE COMPANY, LTD. (Fire Department) • LONDON & LANCASHIRE INDEMNITY COMPANY OF AMERICA



The world's biggest auto insurance company moves into one of the world's greatest markets. State Farm Mutual Auto formally launched its new selling operation in New York state by enrolling sports commentator Red Barber as first resident policyholder. Above, Barber (seated, center) takes out policies number one and number two with agent Stuart Barrett (l.). Looking on are State Director M. L. Chapin (r.) and T. J. Kiesselbach, regional agency vice-president.

## A Salute To The Agent...

- He is always available to furnish courteous assistance;
- He is ever eager to provide prompt claim service;
- He is progressive, keeping informed of current insurance trends;
- He is friendly and trustworthy, serving his policyholders well;
- He is a substantial citizen in his community;
- He is your Stock-Company AGENT, the very essence of service.

We Salute Him... We Believe In Him.



UTILITIES INSURANCE COMPANY  
PREFERRED FIRE INSURANCE COMPANY  
315 Pine Street St. Louis 2, Mo.



AUTOMOBILE • WORKMEN'S COMPENSATION • LIABILITY



## Pa. Serves Notice It Intends to Get NY UM Coverage

Pennsylvania's governor and insurance commissioner have expressed a grim determination to get uninsured motorist cover in that state. Gov. Leader last week issued a statement that he had ordered a study made of the problem of the uninsured motorist. In it he said he refuses to tolerate companies writing hundreds of millions of dollars of insurance premiums in Pennsylvania providing uninsured motorists cover in New York and denying it to Pennsylvania.

Accompanying his statement was a memorandum from Insurance Commissioner Francis R. Smith. The statement reviews the coverages available in Pennsylvania. However, insurance men particularly noted the conclusion to Mr. Smith's memorandum:

"As insurance commissioner," he wrote the governor, "I will encourage other insurance companies to write the new coverage in Pennsylvania at reasonable rates, provided that the coverage is adequate for the rate charged. I consider the new coverage to be a forward step toward more complete protection of insured Pennsylvanians. I expect and anticipate that both stock and mutual companies, extended the privilege of doing business within this commonwealth, will see fit to include the additional coverage in their existing and future policies."

He then underlined the following: "In the absence of such cooperation, other steps CAN and WILL be taken."

The governor in his statement said: "Unless the insurance companies do this voluntarily (write UM in Pennsylvania), I will take the necessary steps to see that it is done."

"However, until such time as a compulsory automobile insurance program is adopted to protect innocent automobile drivers and passengers, and pedestrians, there are but two courses to be pursued:

1. "Strict endorsement of present financial responsibility laws.
2. "Encouraging insurance companies to further promote the sale of additional coverage that promises insured drivers and their families while driving or as pedestrians financial benefits if injured by an uninsured driver."

Commissioner Smith indicated Pennsylvania rates for unsatisfied judgment cover range from \$4 to \$5, due to a large number of uninsured drivers, approximately one out of every 10. In New York \$2.50 to \$4 is

charged for UM cover. The UJ coverage protects drivers and their families when injured by uninsured motorist registered in or out of state, and while traveling outside the state.

But to date, he indicated, only four insurers—Nationwide, American Casualty, Fireman's Fund Indemnity and National Surety—are writing UJ cover.

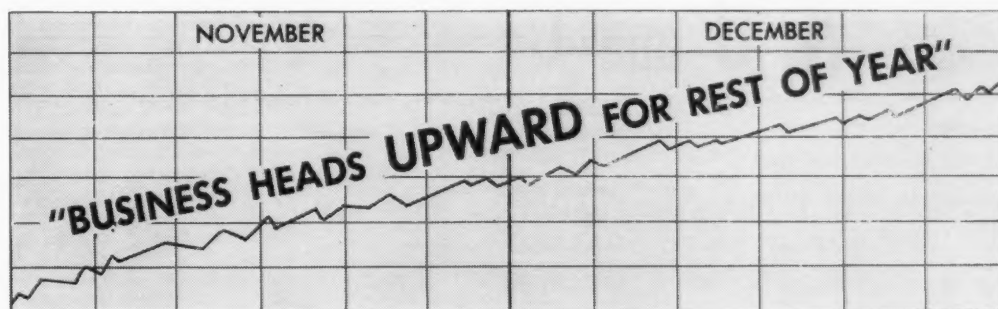
He reviewed all the auto coverages available—BI and PDL, medical payments, extended medical payments; death, dismemberment and total disability benefits, and UM.

He reported to the governor that a recent check indicated that 89.6% of the drivers in Pennsylvania are insured. He added that strict enforcement of the financial responsibility act has been and will continue to be the leading factor in the further reduction of the number of uninsured. He noted that insurers writing UJ cover have not had time to develop any volume, but they state that the form has been well received by agency forces. Advertising in public media is in the planning stage.

## Accountants Spend Day on Electronics

Insurance Accountants Assn. held a full day session in New York on electronics, at International Business Machines headquarters. The morning was devoted to an IBM discussion of insurance accountant checking on the 650 tabulation machine, and the afternoon to a demonstration of multiple insurance premium distribution.

A. M. Hathaway of Boston is chairman of electronics committee of the accountants' group.



... That forecast by Nation's Business is borne out by a study of gross national product—the nation's output of all goods and services—and what becomes of it.

### CONCLUSIONS ARE:

- 1 Personal spending is more diversified, shows greater underlying strength.
- 2 Private investment, inventories are up.
- 3 Government spending, over-all, likewise is up.



Number of U. S. home-owning families jumped from 3.5 millions to 25 millions since 1900; 57% of families own homes today against 34.6% in 1900. Americans have spent \$84 billions for automobiles in ten years, repaid \$72 billions or 86%; approximately 10 million buyers will complete payments this year.



More people are working than ever before.  
Fewer are jobless than at any time since 1953.

This rosy picture certainly points up a multitude of opportunities to sell Fire, Automobile, Ocean and Inland Marine, Casualty and Surety coverages, particularly the newer contracts which are increasing in public acceptance day by day.

Let's show you how to utilize advertising and business-building methods to multiply your personal efforts at the local level and so produce additional new business for your agency. Ask our Advertising Department for your copy of "Key to Agency Development."

## Wm. H. McGee & Co., Inc.

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# LOYALTY GROUP

## FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

JUNE 30, 1955

ASSETS		LIABILITIES	
Cash	\$ 3,807,806.80	Reserve for Losses	\$ 16,918,000.49
Mortgage Loans on Real Estate	953,829.49	Reserve for Loss Expenses	1,516,210.00
Bonds and Stocks	155,874,898.18	Reserve for Unearned Premiums	53,802,706.05
Interest due and accrued	167,388.93	Reserve for Taxes and Expenses	2,043,389.98
Agents and Departmental Balances	4,752,931.47	Funds held under Reinsurance Treaties	8,023,156.81
Real Estate	3,086,000.00	All other Liabilities	830,582.01
Equity in Marine and Foreign Insurance Pools	8,922,570.24		
All other Assets	1,447,167.79	<b>Capital</b>	<b>15,000,000.00</b>
<b>Total admitted Assets</b>	<b>\$179,012,592.90</b>	<b>Net Surplus</b>	<b>80,878,547.56</b>
		<b>Total</b>	<b>\$179,012,592.90</b>

SURPLUS TO POLICYHOLDERS \$95,878,547.56

Securities carried at \$3,290,509 in the above statement are deposited as required by law.

## GIRARD INSURANCE COMPANY OF PHILADELPHIA, PA.

JUNE 30, 1955

ASSETS		LIABILITIES	
Cash	\$ 324,812.04	Reserve for Losses	\$ 1,767,552.29
Mortgage Loans on Real Estate	1,587.22	Reserve for Loss Expenses	158,410.00
Bonds and Stocks	13,682,617.35	Reserve for Unearned Premiums	5,990,152.03
Interest due and accrued	37,449.56	Reserve for Taxes and Expenses	218,210.00
Agents and Departmental Balances	549,481.52	All other Liabilities	16,647.11
Real Estate	150,000.00	<b>Capital</b>	<b>1,000,000.00</b>
All other Assets	223,026.88	<b>Net Surplus</b>	<b>5,818,003.14</b>
<b>Total admitted Assets</b>	<b>\$14,968,974.57</b>	<b>Total</b>	<b>\$14,968,974.57</b>

SURPLUS TO POLICYHOLDERS \$6,818,003.14

Securities carried at \$795,921 in the above statement are deposited as required by law.

## NATIONAL-BEN FRANKLIN INSURANCE COMPANY OF PITTSBURGH, PA.

JUNE 30, 1955

ASSETS		LIABILITIES	
Cash	\$ 680,023.96	Reserve for Losses	\$ 1,767,552.29
Bonds and Stocks	13,043,157.07	Reserve for Loss Expenses	158,410.00
Interest due and accrued	30,204.44	Reserve for Unearned Premiums	5,621,178.24
Agents and Departments Balances	1,949,089.76	Reserve for Taxes and Expenses	217,010.00
Real Estate	66,000.00	All other Liabilities	143,355.35
All other Assets	73,741.45	<b>Capital</b>	<b>1,000,000.00</b>
<b>Total admitted Assets</b>	<b>\$15,842,216.68</b>	<b>Net Surplus</b>	<b>6,934,710.80</b>
		<b>Total</b>	<b>\$15,842,216.68</b>

SURPLUS TO POLICYHOLDERS \$7,934,710.80

Securities carried at \$1,822,477 in the above statement are deposited as required by law.

## MILWAUKEE INSURANCE COMPANY OF MILWAUKEE, WIS.

JUNE 30, 1955

ASSETS		LIABILITIES	
Cash	\$ 414,063.82	Reserve for Losses	\$ 4,797,641.93
Mortgage Loans on Real Estate	341,125.62	Reserve for Loss Expenses	429,970.00
Bonds and Stocks	37,241,875.34	Reserve for Unearned Premiums	15,257,483.80
Interest due and accrued	64,825.93	Reserve for Taxes and Expenses	593,570.00
Agents and Departmental Balances	3,076,329.33	All other Liabilities	61,930.64
All other Assets	169,171.28	<b>Capital</b>	<b>3,000,000.00</b>
<b>Total admitted Assets</b>	<b>\$41,307,391.32</b>	<b>Net Surplus</b>	<b>17,166,794.95</b>
		<b>Total</b>	<b>\$41,307,391.32</b>

SURPLUS TO POLICYHOLDERS \$20,166,794.95

Securities carried at \$2,754,310 in the above statement are deposited as required by law.

## ROYAL GENERAL INSURANCE COMPANY OF CANADA

JUNE 30, 1955

ASSETS		LIABILITIES	
Cash	\$ 16,050.06	Reserve for Taxes and Expenses	\$ 3,863.32
Bonds and Stocks	404,720.00	<b>Capital</b>	<b>100,000.00</b>
Interest Due and Accrued	2,904.58	<b>Net Surplus</b>	<b>350,415.93</b>
Agents and Departmental Balances	30,604.61		
<b>Total admitted Assets</b>	<b>\$454,279.25</b>	<b>Total</b>	<b>\$454,279.25</b>

SURPLUS TO POLICYHOLDERS \$450,415.93

Securities carried at \$55,802 in the above statement are deposited as required by law.

## THE METROPOLITAN CASUALTY INSURANCE COMPANY OF NEW YORK

JUNE 30, 1955

ASSETS		LIABILITIES	
Cash	\$ 1,192,957.75	Reserve for Losses	\$ 18,266,637.50
Mortgage Loans on Real Estate	52,668.63	Reserve for Loss Expenses	1,878,775.00
Bonds and Stocks	46,831,032.27	Reserve for Unearned Premiums	14,818,502.75
Interest due and accrued	129,074.23	Reserve for Taxes and Expenses	1,428,986.73
Agents and Departmental Balances	4,448,971.92	Funds held under Reinsurance Treaties	263,540.22
Equity in Marine and Foreign Insurance Pools	131,211.80	All other Liabilities	113,860.34
All other Assets	191,657.78	<b>Capital</b>	<b>2,000,000.00</b>
<b>Total admitted Assets</b>	<b>\$52,977,574.38</b>	<b>Net Surplus</b>	<b>14,207,271.84</b>
		<b>Total</b>	<b>\$52,977,574.38</b>

SURPLUS TO POLICYHOLDERS \$16,207,271.84

Securities carried at \$4,440,750 in the above statement are deposited as required by law.

## COMMERCIAL INSURANCE COMPANY OF NEWARK, N. J.

JUNE 30, 1955

ASSETS		LIABILITIES	
Cash	\$ 1,029,385.81	Reserve for Losses	\$ 22,479,011.00
Mortgage Loans on Real Estate	447,012.98	Reserve for Loss Expenses	2,240,947.00
Bonds and Stocks	55,260,072.59	Reserve for Unearned Premiums	17,323,404.31
Interest due and accrued	124,846.78	Reserve for Taxes and Expenses	1,245,916.41
Agents and Departmental Balances	4,616,631.15	Funds held under Reinsurance Treaties	704,439.64
Equity in Marine and Foreign Insurance Pools	131,211.80	All other Liabilities	181,720.92
All other Assets	342,316.04	<b>Capital</b>	<b>2,000,000.00</b>
<b>Total admitted Assets</b>	<b>\$61,951,477.15</b>	<b>Net Surplus</b>	<b>15,776,037.87</b>
		<b>Total</b>	<b>\$61,951,477.15</b>

SURPLUS TO POLICYHOLDERS \$17,776,037.87

Securities carried at \$1,692,141 in the above statement are deposited as required by law.

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## Williams to Join National Board; McKenzie to N.Y.

Weldon F. Williams, executive secretary of California Assn. of Insurance Agents since 1950, is joining the staff of National Board Jan. 1, and will serve as a representative of National Board's law department, assigned to San Francisco, which supervises eight



W. F. Williams



J. G. McKenzie

western states. He succeeds Jack G. McKenzie, National Board's assistant general counsel in San Francisco, who has been transferred to the New York office.

Mr. Williams, a graduate of University of California and former personnel administrator, joined the California association in 1946 as assistant executive secretary.

Mr. McKenzie joined National Board in 1937, as a special agent in the arson department in Arkansas. Seven years later he became insurance commissioner of that state, serving until 1949 when he rejoined National Board. He was in private law practice in Shawnee, Okla., and for five years was chief assistant and acting attorney for the fire marshal of that state.

## Another Mover in Capital Life Case

O. T. Hogan, chairman of United of Chicago, and Paul Temple, also of United, were arraigned in Chicago on a fugitive warrant charging conspiracy to defraud Capital Life of South Carolina through the malfeasance in office of D. D. Murphy, former South Carolina insurance commissioner. United purchased Capital Life. It was indicated the men would fight extradition and Richland County (S.C.) Sheriff Sligh has sent extradition papers to Chicago.

## Texas WC Rates Increased 2.1%; Set New Discount Rates

AUSTIN—An average increase of 2.1% in manual rates for workmen's compensation for all industry groups will become effective Dec. 1 in Texas. The order is based on data filed at the annual hearing, Oct. 25.

The Texas department has also announced a schedule of premium discount rates, the decision to include loss adjustment expense in the loss side of the premium dollar and some long-term experience figures.

The rate changes include a 1.5% increase for manufacturing, a 5.2% increase for contracting, a 2% decrease for oil, and a 3.1% increase for all other industry groups.

The new premium discount rates are 8% for the first \$4,000 of earned premiums, 13.5% for the next \$95,000, and 15% for all over \$100,000. A table, based on 1953 data, showed that 29.75% of Texas premiums receive no discount; 23.68% receive an 8% discount; 41% receive 13.5% and 5.39% receive the maximum 15% discount.

Figures presented at the hearing showed that in the last 10 policy years the companies had suffered an underwriting loss of \$7,995,675, with only four of the years being profitable.

Other factors in the new rates are a \$10 expense constant to be applied to policies with premiums of under \$500 and an amendment to retrospective rating plans for providing for a tax multiplier of 1.049.

## Slate Texas Hearing to Revise Standard Fire Policy

The Texas department will hold a public meeting at Austin, Nov. 21, concerning rearrangement of the Texas standard fire policy to provide a two-part policy and a jacket type policy for use only in insuring dwellings and household goods.

## Another Insurer Takes Up Night Claim Work

New York Mutual Casualty, formerly Lumber Mutual Casualty, has followed the lead of other companies in keeping its claim office in New York City open until 9 p.m. Tuesday evenings, beginning Nov. 15.

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## Mutuals Hold 2 Day Accounting and Statistical Meeting

"Despite increased competition, the 71 member companies of Conference of Mutual Casualty Companies will write close to a billion dollars in automobile business this year," Lynn Matteson, president of the conference, said in his welcoming address at a two-day session on accounting and statistical and office methods, procedures and personnel at Chicago.

He said the total is about one-fourth of all automobile business written in the United States.

More than 170 representatives of the member companies attended the meeting.

Mr. Matteson, who is vice-president of Mutual Service Casualty, said the conference's underwriting session would be held in March of next year, claims in May, management in June, sales in September and accounting and statistical and office methods, procedures and personnel in November.

Dr. Forrest H. Kirkpatrick, assistant to the president of Wheeling Steel Co., opened the session with a discussion of the current problems facing industry and factors affecting managers' jobs. The problems facing industry, he said, are stabilization of employment and the annual wage; automation; more efficient utilization of manpower, providing more job satisfaction for employees and adjusting the balance between capital and labor, government enterprise and private enterprise and maintaining the national resources and regulating their use. He said a manager can do a better job if he is aware of changes and ready to adjust to them, remembers that man is an emotional rather than intellectual being, understands the limitations of personnel in the company and shows warmth, understanding and emotional control in solving human relationships.

Irving J. Maurer, treasurer of Farmers Mutual of Madison, suggested methods of improving management reports.

"Internal audits and controls serve the dual purpose of eliminating or reducing to a minimum defalcations, misappropriations, diversion of funds or inventories and the control of cash and assets and the review of these controls by an employee of the company not actively engaged in the handling of funds or accounts," according to D. B. King of Joseph Froggatt & Co., Detroit. He said there are several generally accepted principles for establishing internal audits and controls which can be adapted to the particular problems of any company. They include: A plan of organization which establishes lines of authority and responsibility to separate accounting functions from operating functions, a chart of accounts for classification of data which will assist in production of consistent reports, sound procedures to divide duties so that one individual does not handle a transaction from beginning to end, proper designing of forms and records to reveal if control procedures are being followed; proper selection and training of personnel, and proper supervision of employees to assure enforcement of established procedures. Mr. King reviewed several examples of employee dishonesty and

suggested controls which might have prevented the cases.

"Substantial rate reductions, which result in additional exposures for the same amount of premium if a company maintains its premium volume, can have a disastrous effect on loss and expense ratios if there is any let-down in underwriting," according to John J. McGuire, accounting department manager of Meridian Mutual. He reviewed safety programs which reduce loss frequency and severity but pointed out that much of the good work is

offset by an increasing number of cars and miles of travel.

Afternoon speakers on the first day included Thomas H. Dudgeon, communications manager of Nationwide Mutual; A. David Thomas of the insurance division of Moore's Business Forms, Chicago, and W. L. Sanford and William Seymour, vice-president and tabulating services manager respectively, of Mutual Service Casualty.

Guy Ferguson of Ferguson Personnel, Chicago, presented a discussion of "tomorrow's management" at the open-

ing session on the second day of the meeting.

Frank Lang of Frank Lang & Associates, Chicago marketing and management consultants, said "surveys on insurance buying behavior and the relative effectiveness of marketing channels have indicated that the public wants to buy all its insurance under one roof. The desire for one-stop insurance protection service is going much further than the commonly accepted limits of multiple line." He said

(CONTINUED ON PAGE 36)

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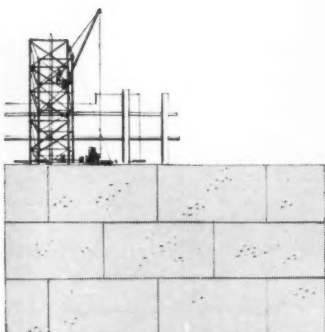
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## Convention Dates

Nov. 20-22, Kentucky Assn. of Insurance Agents, annual, Kentucky hotel, Louisville.  
Nov. 27-29, Illinois Assn. of Insurance Agents, annual, Edgewater Beach hotel, Chicago.  
Nov. 28-Dec. 2, National Assn. of Insurance Commissioners, Midyear, Hotel Commodore, New York.  
Dec. 3-4, National Assn. of Insurance Brokers, midyear, Kansas City, Mo.  
Dec. 4-5, Arkansas Assn. of Insurance Agents, midyear.  
Dec. 8, Louisiana Assn. of Insurance Agents, midyear, Captain Shreve hotel, Shreveport.  
Dec. 8, Insurance Federation of New York, annual, Hotel Commodore, New York.  
Dec. 14, Eastern Underwriters Assn., annual, Biltmore Hotel, New York.  
Dec. 28-29, American Assn. of University Teachers of Insurance, annual, Hotel Roosevelt, New York.

1956

Feb. 22-24, Michigan Assn. of Insurance Agents, midyear, Sheraton-Cadillac hotel, Detroit.  
March 5-7, National Assn. of Surety Bond Producers, annual, Roosevelt hotel, New Orleans.  
March 7-8, Fire Underwriters Assn. of the Pacific, annual, Sheraton-Palace hotel, San Francisco.  
March 9-10, State Mutual Agents Assn. of Pa., annual, Ben Franklin hotel, Philadelphia.  
Mar. 23-24, Assn. of Insurance Attorneys, annual, Atlanta, Ga.  
April 5-7, Southern Agents Conference, Francis Marion hotel, Charleston, S. C.  
April 8-10, National Assn. of Insurance Agents, midwest territorial conference, St. Paul.  
April 8-10, Mutual Agents Assn. of New York, annual, Hotel Syracuse, Syracuse.  
April 14-15, Colorado Insurers Assn., annual, Broadmoor hotel, Colorado Springs.  
April 14-15, Rocky Mountain Territorial Conference, Broadmoor hotel, Colorado Springs.  
April 16, Rhode Island Assn. of Insurance Agents, midyear, Sheraton-Biltmore hotel, Providence.  
April 16-17, Iowa Assn. of Mutual Insurance Agents, annual, Hotel Savery, Des Moines.  
April 22-24, Alabama Assn. of Insurance Agents, annual, Whitley hotel, Montgomery.  
April 22-25, Eastern Agents Conference, annual, Hotel Statler, Hartford.  
April 23-25, National Assn. of Insurance Agents, midyear, Hotel Statler, Hartford.  
April 30-May 2, Chamber of Commerce of the U.S., annual, Washington, D. C.  
April 30-May 2, Iowa Assn. of Insurance Agents, annual, Hotel Savery, Des Moines.  
May 3-5, Louisiana Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park, Miss.  
May 3-5, National Assn. of Independent Insurance Adjusters, annual, San Souci hotel, Miami Beach.  
May 7-8, New York Assn. of Insurance Agents, annual, Syracuse.  
May 7-9, Board of Fire Underwriters of the Pacific, Santa Barbara Biltmore hotel, Santa Barbara.  
May 10, Surety Assn. of America, annual, New York.  
May 10-12, Florida Assn. of Insurance Agents, annual, George Washington hotel, Jacksonville.  
May 13-16, H&A Underwriters Conference, annual, Hotel Statler, Boston.  
May 14, National Bureau of Casualty Underwriters, annual, New York.  
May 14-15, Kentucky Assn. of Insurance Agents, Western District, Kenlake State Park, Harlan.  
May 14-15, Oklahoma Assn. of Insurance Agents, annual, Mayo hotel, Tulsa.  
May 16-18, National Assn. of Insurance Brokers, Boston.  
May 17-19, North Carolina Assn. of Insurance Agents, annual, Hotel Carolina, Pinehurst.  
May 17-19, Texas Assn. of Insurance Agents, annual, San Antonio.  
May 17-19, Arkansas Assn. of Insurance Agents, Arlington hotel, Hot Springs.  
May 20-22, Insurance Accounting & Statistical Assn., Hotel New Yorker, New York.  
May 20-23, Inland Marine Underwriters Assn., annual, Shawnee Inn, Shawnee, Pa.  
May 20-23, Inland Marine Insurance Bureau, annual, Shawnee Inn, Shawnee, Pa.  
May 21-22, Kentucky Assn. of Insurance Agents, Eastern District, Cumberland Falls State Park, Corbin.  
May 21-23, American Assn. of Managing General Agents, annual, Shamrock hotel, Houston.  
May 23, The Midwestern Independent Statistical Service, annual, Bismarck hotel, Chicago.  
May 23, National Automobile Underwriters Assn., annual, Roosevelt hotel, New York.  
May 23-25, Georgia Assn. of Insurance Agents, annual, Oglethorpe hotel, Savannah.  
May 24, National Board of Fire Underwriters, annual, Hotel Commodore, New York.  
May 27-30, Virginia Assn. of Insurance Agents, annual, Hotel Chamberlain, Ft. Monroe-Old Point Comfort.  
June 4-8, National Fire Protection Assn., annual, Boston.  
June 11-13, South-Eastern Underwriters Assn., annual, The Homestead, Hot Springs, Va.

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# Fire and Casualty Insurance

## COMMENTS - TRENDS - OBSERVATIONS

### Ways of Saving Agency Time for Sales and Money for Profit Told by Burns

Analysis of agency operations and methods can lead to savings, of time to increase sales and of money to increase profits, Robert Burns, local agent at Washington, D. C., and president of American Agency Management Bureau, told the annual meeting of Kansas Assn. of Insurance Agents in Kansas City.

A reduction of \$10 a week in overhead, based on a 8% net profit, is the equivalent of adding a new \$6,000 premium, he pointed out. In a \$125,000 average agency, the net profit is 60.5% for the more than average profit agency, whereas it is only 39.2% in the less than average profit agency. This is a difference of \$5,834 net profit.

The agency may be able to eliminate an operation, combine it with another operation, or at least, simplify it, he said.

For example, an agent has a policy to be renewed in November. After reviewing the line folder he discovers insured has another policy on his dwelling expiring in November, 1957. Instead of issuing a new policy, he adds this coverage to the November, 1957, policy and, by combining it with another policy, he eliminates an extra future policy writing step and saves \$4 in office cost for future policy writing.

An agent should constantly strive to increase the average premium on each policy he writes and make every effort to increase the average premiums for each insured. His present policyholders are his best market for increasing profits, Mr. Burns said.

The cost of creating the material in an average four drawer file usually is around \$4,000; as much as a third of the space is used for routine correspondence; yearly maintenance added to the \$4,000 original cost runs from \$230 to \$650, and salaries represent 80% of the costs. Should an agent place copies of form letters in his correspondence file? At this terrific cost it would pay him to note on the daily or invoice copy the form letter number and eliminate making and filing a carbon copy.

How long should the agent keep the dailies after a policy has expired? He said if the accounts receivable ledger copy is maintained three years (the period of the statute of limitation is desirable), he can probably dispose of the daily 90 to 120 days after expiration. If the agent feels he should hold dailies longer, he might consider microfilming to save valuable space and equipment.

An agent should consider developing a standardized application form to permit him to record all necessary information for policy writing, invoicing and bookkeeping, which make the whole job routine once the original application has been properly written.

There is available a multi-purpose application form that will enable him to sell more insurance, bind the risk, issue a receipt for insured, and speed up policy writing.

It is equally important to record all policy changes once on a proper policy change form, Mr. Burns said. This form should be designed to transfer auto and fire policies and should be flexible enough to handle all general information and serve for underwriting the endorsement.

Many agents ask how they can find more time to serve their present business and how they can get out to see insured. The answer to this dilemma is quite simple, he said.

The agent must set down on paper his duties and the time allotted to them so he will know if he is performing tasks that could be done by someone else. If he wants to spend more time in the field, he can do so if he is willing to give up some of his office chores.

Suppose he has been opening the mail every day because he likes to know what is going on in his agency. If it takes him 30 minutes to do this job and if his time is worth \$6 an hour, it has cost him \$3 to do a chore that could be done by an employee whose hourly rate may be only \$1.50. He can get this chore done for 75 cents a day and save 150 hours a year to spend on selling. This is 25 more days. An agent can increase his profits by investing in dictating equipment and using it during non-selling hours. With dictating equipment his typist can get off letters along with her other routine work and her salary cost will likely be less than a stenographer. This will add outside selling hours.

A rate card covering rates from 5/10 to 100/300 limits will speed up figuring excess limits on auto insurance, he suggested. Virginia Insurance Rating Bureau publishes a fire rate card on dwellings which gives the premiums for varying amounts of insurance for one, three and five years. Such a rate card would save an agent time and be more accurate.

After an agent has decided to improve his methods and procedures, he may have to sell his employees on making the transition. He can let them know they will benefit personally, in less work and pressure, and, usually, in more time to do the important things that increase profits. A profit sharing plan will give employees an even greater incentive to help improve operations.

Mr. Burns discussed the use of multiple copy carbon interleaved sets that range from three to seven parts. When it comes to collections, instead of using one or two copies in an invoice set as collection reminders an agent may find it a better practice to send a wallet flap premium envelope to insured 20 days after effective date to speed up

collections. Under this system the accounts receivable ledger card is numbered 1 to 31 and a signal is placed on top of the card to indicate the date the first collection step is to be taken. If renewals are mailed or delivered 30 days in advance with an accompanying postage paid business reply envelope, about 65% of the receipts will be received before the premium notice is mailed. The premium notice should bring in about 25% of the remainder of open items, Mr. Burns said. The signal would be moved ahead 10 days and if not paid, a telephone call could be made by the bookkeeper to bring in another 8% of receipts. If the premium is not paid in 10 more days the agent is notified to collect and if not paid in another 10 days a cancellation notice is mailed to insured. As each step is taken the signal is moved and the bookkeeper notes on the account receivable card the date and appropriate action.

This method provides a tight control on all collections and puts 98% of the

work on the bookkeeper, allowing the agent more time to sell.

Experience will show that a commitment of payment at time of sale and cycle billing will greatly improve collection, he said.

Most agents use a double entry system of bookkeeping which requires the setting up of equal debit and credit entries in the cash receipts journal. A posting board eliminates five operations, Mr. Burns said.

One agency deposited 7,200 receipts yearly, 600 a month. Since six postings were required for every check or money order received under the regular system, 43,200 postings had to be made. This took 108,000 minutes of posting time at a cost of \$3,600 per year. The solution to this excessive posting operation was the development of multiple copy forms that are used on a posting board to post a receipt for insured, the cash receipts journal, the payment to a deposit ticket and the payment to the accounts receivable—all in one operation.

### Insurer that Surmounted Its Difficulties

Some of the difficulties in developing momentum for an insurer in these times are illustrated in the story of American Southern which, after a reorganization in 1953, has made a remarkable recovery and has established a sound, going business which its management intends to continue.

Southern F.&M. was organized in 1936, and during its early years was closely affiliated with Southern Life of Georgia. In 1949 Southern Life sold its interest to Southern Insurance, a holding company. In the purchase of Southern Life, Southern Insurance borrowed a considerable sum from Citizens & Southern National Bank, and pledged the entire stock of the Southern F.&M. as collateral.

Early in 1953 it became apparent that Southern F.&M. was in financial difficulties. There were many contributing factors, but the most damaging was the fact that the company was writing a large premium volume of financed automobile physical damage business, generally at a flat commission and much of it business rejected by companies which normally write financed auto business. Some steps were taken during the early months of 1953 to cure the situation, but these measures turned out to be ineffective.

Southern Insurance applied to Citizens & Southern National Bank for an additional loan. As the company was in a very poor cash position, the loan had to be secured quickly, and a cursory audit of the company was conducted. The audit revealed the company was in poor but not impossible condition. On the basis of this audit, and on the basis of the personal guarantees of stockholders, the bank loaned an additional \$250,000 but the disbursement of the loan was not made until after the old management was deposed.

Management was centered in a management committee, which consisted of prominent officers in other southern insurers.

Roy S. Thompson Jr., vice-president of Cudd & Coan Underwriters of Spartanburg, S.C., and director and reinsurance manager of National Fidelity of Spartanburg was brought in to serve temporarily as president under a leave of absence arrangement from previous employers, who were very interested in the success of Southern F.&M. because of certain reinsurance arrangements.

At about the same time the bank employed Joseph Froggatt & Co. to make a complete audit of the affairs of the company. The audit was completed in September, 1953, and the company was found to be in far worse condition than had been originally contemplated. Even after the contribution of \$250,000, the company had a deficit surplus of \$105,804 as of June 30, 1953.

Mr. Thompson took the audit to Mills B. Lane Jr., president of Citizens & Southern National Bank. Mr. Thompson thought the company would be and should be liquidated. Mr. Lane explained that the bank would lose very little money upon liquidation, due to the guarantee behind the loan and due to the fact that it was an excess profits tax year. This made it even more obvious that liquidation was imminent. Mr. Lane, however, was concerned about the number of policyholders who would suffer and the number of agencies that would inevitably go into receivership. He asked how much more money it would take to put the company on a sound operating basis. Mr. Thompson thought it would take at least \$250,000 immediately and another

(CONTINUED ON PAGE 39)

## Maryland Considering Self-Insurance

The issue of self-insurance in Maryland was brought up after pressure was brought by newsmen for Hooper S. Miles, state treasurer, to release the names of the 312 agents who handle insurance on state buildings and other property.

State Sen. Phipps raised the proposal for self-insurance earlier this year in a resolution approved by the legislature asking the governor to set up a special commission to study self-insurance for the state. The governor did not create such a commission at that time, but has now appointed Harry J. Green, Baltimore attorney, to head it.

Mr. Miles contends the present system is more practical and not too costly. Under it eight master brokers get the business and farm some of it out to the 312 agents designated by Mr. Miles on an informal basis.

The releasing of the names disclosed that some of the insurance was handled by agencies bearing the names of U.S. Sen. Beall of Frostburg, whose

son now runs the agency, State Sen. Goldstein, Speaker Lubber, State Sen. Ramsburg, Speaker Protempore Wilkinson, State Rep. Cardin and Hanna, and Baltimore Mayor Thomas D'Alesandro.

The mayor said he would ask the city board of estimate not to renew the city's fire insurance on municipal buildings, but initiate a self-insurance program. The city already has more than \$700,000 in a reserve fund, built up since 1914, for city insurance purposes, he said. Institution of self-insurance could save the city about \$125,000 annually, he said.

## Recovery Men to Hear Railway Claims Man

Thomas Barnett of the Santa Fe railroad will answer questions after a panel discussion on the subrogation of claims against railroads at the Dec. 1 meeting of Recovery Men's Forum in New York City.

At the last meeting, George Watson of Watson Building Corp., New Rochelle, N. Y., spoke on the identification of building damage originating from blasting vibrations.

## Central Surety Names Five Vice-Presidents

Central Surety has elected John L. Magenheimer and R. P. Stockham, assistant U. S. managers and vice-presidents of North British group, vice-presidents of Central Surety. Paul J. Synor, C. J. Williams and H. V. Tisdale also were elected vice-presidents.

Albert E. Lehman and G. C. Daubert have been named secretaries. John C. Droge, A. J. O'Donnell, Jack G. Parsons and William J. Traynor were elected assistant secretaries.

## Neb. Department Makes Personnel Changes

Several personnel changes have been made in the Nebraska department recently as a result of resignations.

Larry Stratman, rate analyst, has been assigned the additional responsibility of A&H policy approval following the resignation of Homer C. Ross, formerly A&H policy examiner and claims supervisor. Mr. Ross resigned to join the agency training department of Bankers Life & Casualty at Chicago.

Roy Blazek has been appointed claims supervisor to handle all public complaints against companies and agents. He was formerly chief of the FR section of the Nebraska highway department.

Francis W. Benedict has been named assistant rate analyst and Frank E. Piccolo Jr. has joined the department to assist Department Attorney William H. Heavey in legal research.

## Automation Eyed by Insurers at Chicago, Ill.

The university college of University of Chicago this week sponsored a two-day conference on automation for senior officers of all types of companies. One panel session dealt with data processing automation for insurers. E. G. Crasps, vice-president of Pacific Fire and L. L. Van Hoosten, director of methods research of Allstate, participated in the panel along with several life insurance executives.

## Cocktails, Food for NAIC in N. Y. Nov. 28

The industry committee in charge of arrangements for the midyear meeting of National Assn. of Insurance Commissioners in New York City, which is under the general chairmanship of Thomas Dew of Chubb & Son, has planned a cocktail party and buffet dinner for Monday night, Nov. 28, at the Commodore hotel.

The committee will also supply and supervise the 45 employees contributed by New York insurance offices to handle the work of the convention, as is customary. Mr. Dew had charge of this last year also and distinguished himself with a fine performance. The operating force consists of 30-odd stenographers who take down committee deliberations and other features of the convention, type up reports, get out copies on three multigraph machines that are working night and day, etc. Last year 152,000 sheets of multigraph paper were consumed in the operation.

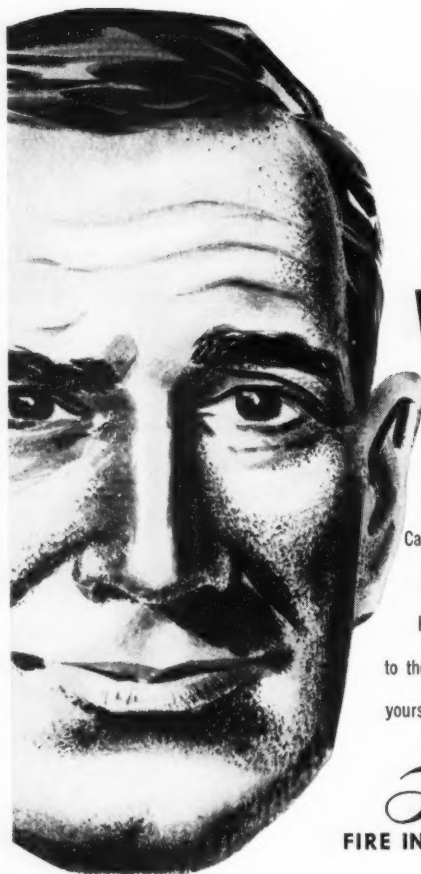
## Agents Take Course at Royal-Liverpool

Eighteen local agents have completed a seven week course offered by Royal-Liverpool group. F. D. Eubank, director of education, was in charge and 30 Royal-Liverpool men were instructors.

Agents who completed the course are Eugene Baeurle of Scranton, Pa.; James Byrne of Wildwood, N.J.; Marlene Granata of Binghamton, N.Y.; Richard Larter of Fall River, Mass.; Thomas Maxey of Elmira, N.Y., and George Strott of Salisbury, Md.

Also, Henry Garwes of Savannah; Frank McBride of Covington, Tenn.; George Minasian of Alexandria, Va.; Wirt Yerger Jr. of Jackson, Miss.; Miles Nichols of Kansas City; George Rambour of Columbus, Neb.; Herbert Ward of Kenosha, Wis.; James Williams of Oklahoma City.

Also, Mrs. A. S. Seivert of Jamaica, N.Y.; Daniel T. Kelly of Santa Fe; Harold Landon of Tucson, and John M. Turner of West Sacramento, Cal.



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## Two Hardy Prizes Given by IIA; Officers Reelected

The Edward R. Hardy prize for the most distinguished graduate of the year of Insurance Institute of America went to two young agents this year. The prizes, the awards of the institute for highest marks in each of the A, B and C examinations and the Ben S. McKeel award for the highest marks for all three examinations combined, were given at the annual meeting of the institute at New York City. All officers were reelected at the meeting.

Donald P. Pipino of the Vagnozzi agency at Youngstown, and Don E. Flath of Erie (Pa.) Insurance Exchange, received the Hardy prize. Both were present to accept the award. Selection for the award is based on marks in the examinations, character, personality, promise of future usefulness, business bearing and executive ability. The graduate must be 35 or under to be eligible.

Present to receive the institute prizes were Mrs. Margaret C. Rutledge of Iowa Mutual, De Witt, Ia., George B. Purchase of the Erie Exchange, and William Miller of Fire Association, New York City.

Other institute prizes went to Ruth McC. Hall of Oklahoma City; Gwendolyn R. Brown of Los Angeles; George L. Young of Texas Employers; Richard C. Kline of State Farm Mutual; John A. Allen of State Farm Mutual at Lincoln, Neb., and Mr. Pipino. Mr. Allen also received the Ben S. McKeel prize, which is awarded by Hanover Fire and consists of the dividend the institute receives each year on 20 shares of capital stock presented to the institute by field men in memory of Mr. McKeel, former president of the company. The other awards were U.S. savings bonds.

Two members of the board of governors resigned during the year, J. A. Bogardus of Atlantic Mutual, and Charles C. Wright of Springfield F&M. Both men are retiring from insurance. Mr. Bogardus's place on the board was filled by W. Irving Plitt, vice-president of Atlantic Mutual, and Mr. Wright's position will be filled at a meeting of the board.

New governors elected are John Dillard, vice-president of Fireman's Fund; Edward A. Larner, U.S. manager of Employers Liability; Milton Mays, secretary of America Fore; Olaf Nordeng, vice-president of Automobile; D. P. Skaer, assistant manager of Cook County (Ill.) Inspection Bureau; and Hubert W. Yount, vice-president of Liberty Mutual.

During the reports of the officers, Dean Harry J. Loman of American Institute, executive vice-president of the institute, explained the workings of the institute and its efforts to build

insurance education throughout the country. He was assisted by Robert M. Morse, director of the educational advisory department, and Dr. Edwin S. Overman, director of field services. They explained that since the examination format was changed in 1953, the number of examination centers has grown from 19 to 76 and the awarding of certificates has grown from six to 286.

The institute has grown more than these figures show, Dean Loman said, because the enrollment is greater than the certificate awards indicate. The

main problem now facing the institute is to get employers to give special appreciation and recognition to students who take and pass the examinations. He suggested that interest can be developed throughout the business by having special public meetings for presentation of the certificates.

### State Farm Raises Hough, Cox

State Farm Mutual Auto has appointed Wayne Hough, formerly divisional manager for the western Pennsylvania and mid-Atlantic divisions, resident manager of the new

mid-Atlantic office in Springfield, Pa. Charles Q. Cox, formerly divisional manager for the metro and downstate Illinois divisions, will be the resident manager for Missouri in Columbia. Both are new offices and will be ready in the summer of 1956.

### Irving, Tex., Agents Elect

Irving (Tex.) Assn. of Insurance Agents has reelected Ira C. Ware, president, and Virginia Lyons, secretary, and named Richard Nichols as vice-president.

Standard Fire of Trenton has been licensed in West Virginia.

## field memo

Ag-Empire  
Watertown, N. Y.

Dear Folks,

Visited one of our new agents yesterday. Johnnie Jones used to be in the "direct-writing" business. Made money, too — but he had a hankering to run his own business. So — he re-entered insurance as an independent agent.

That took courage — and faith in the American Agency System. Johnnie had both. Result to date — many of his former clients have purchased insurance through him in his new companies — and in every case at higher cost. How come?

"Service", said Johnnie. "Ever buy a shirt in a bargain basement that fits perfect — then after a washing it shrinks, and all you get for your money is one wearing! Wouldn't you rather pay a little more for a shirt that gives better service? Every day proves to me that many clients would rather pay a little more for insurance where they know they'll get better service — experienced counsel when they buy — real help at time of loss."

"Service is the heart of independent agency success. But you have to give clients personal service. Call on them — encourage them to call on you anytime — not just at renewal time."

"Another thing, clients have more confidence in a guy who isn't tied down — who can draw on the accumulated experience of many fine companies — like Ag-Empire."

I agreed with Johnnie 100%!

The Ag-Empire Man

P.S.

Service to clients shouldn't be all up to the agent. Part of the responsibility lies with the companies. That's why — at Ag-Empire — we specialize in fast claim service, easy-to-write policy forms, up-to-date coverages to meet today's needs — everything to help agents give their clients better service.

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## No Safety Program Causes Large Fire Losses

(CONTINUED FROM PAGE 10)

mendations for fueling aircraft on the ground are covered by a pamphlet which is a result of the committee's work."

Mr. Bond said some fire rules which can be applied across the board are keeping the amount subject to destruction in a single fire at a reasonable size and protecting buildings with automatic sprinklers throughout. It is

also important that management exercise its responsibility for fire safety by instituting and supporting a program of employee attention to maintenance of fire protection. The latter program should include training of as many employees as possible in first-aid fire fighting and in arranging wherever possible for facilities which are available in most cities to provide the

property with an outside central station service for fire alarm and to supervise fire protection equipment and watchmen.

"In addition to these general rules" he said, "the property insurer must have a large amount of reference material in which he can look up the details of hazards of particular materials, processes or occupancies. He will sometimes find the evaluation of these fire hazards so involved that he will need the best engineering judgment that he can obtain. The NFPA

was originally organized to provide help to property insurers and others in these very matters. Its standards today include several hundred subjects."

He said it is not enough, however, to know why a certain material or process involves a fire hazard or what might be done to mitigate the hazard. "There has to be a will on the part of someone to do something about the hazard. This will is often lacking. Technical men see, in fire after fire, the results of the failure to recognize fire hazards to which they had called attention. So they want more educational work done in fire matters."



Are you the agent who often feels he's

## GOT A BULL BY THE TAIL?

Right now, you've got the business. But the renewal date is coming up. The losses have been high. The premium will be higher. You don't know whether you can keep the business or not. Brother, you have a bull by the tail. You need Bituminous. With the best safety engineering department in the business, Bituminous will make it a good risk. Bituminous, with the insured's cooperation, will cut the losses, reduce the rates, and make renewals easier. You'll be happier, too, with more time for production, less time for worry. Get set with Bituminous and see. Write today for the Bituminous story.

# BITUMINOUS



## CASUALTY CORPORATION

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### New Roane Office

John Roane, Inc., of Baltimore, is opening its 18th office at 141 Baltimore street, Cumberland, Md. E. A. Laurer, who for the past five years has been with General Adjustment Bureau, will be in charge. He previously was with Aetna Casualty.

### Case Midwest Farm Chairman

Alex H. Case of Marion, Kan., has been appointed chairman of the new sub-committee on farm insurance of Midwest Territorial Conference.

### Nationwide Mutual Promotes Four

Nationwide Mutual has promoted John F. Kelley from staff auto underwriter to chief staff auto underwriter; Don Hanby from accounting supervisor to fire services manager in central operations; Bernard Rogers from insurance manager to risk control manager, and James Ford to field underwriting specialist, a new position in the home office. He has been field underwriter in West Virginia.

Insurance Women's Assn. of Fort Wayne will give a complete insurance course as the educational portion of its winter meetings.

### D. Cover Assessed by Alarmed Underwriter

Interest has been growing in homeowner policy D, which is written in Chinese characters. Jack Seide, president of Babaco Alarms Systems, has worked up an interpretation of D, which, he points out, has outstanding features not duplicated in any other policy. His interpretation is:

"There is no coverage whatsoever. This completely eliminates any possibility of any controversy should a claim be submitted. The answer will always be the same.

"No premium is charged for this policy. This makes rating extremely simple and also makes the policy more saleable. The agent's collection problem is reduced to nothing.

"There is no limit as to how high a commission the company could pay a producer—the higher the better since the net premium to the company would always be the same.

"The expense and bother of maintaining expiration records and issuing renewals is completely done away with, since it is obvious that any company issuing this policy would be out of business by the time the first policy begins to expire.

"This offers you an excellent opportunity to expand your business in that you can write all the Chinese laundries in your fair city. Incidentally this should prove of great value in losing friends and winning enemies."



## CDP Gives Producer Weapon to Combat Vending Machine Competition, Perlet Says

The comprehensive dwelling policy gives the producer the best weapon developed so far for the combating of vending machine, over-the-counter and comparable operations, Harry F. Perlet, general manager of Inter-bureau Insurance Advisory Group, said at the annual convention of Nebraska Assn. of Insurance Agents at Omaha. He explained the coverage in detail.



Harry F. Perlet

The basic policy has been set up to be used almost countrywide, he said. It consists essentially of the standard fire policy provisions, plus provisions common to all of the coverages which may be written under the policy. The latest edition of the policy has been simplified in many respects. It is necessary to show only the premiums on the face of the policy. Separate columns for rates for the various perils have been eliminated. In addition, much repetitious typing has been eliminated and the policy is on a tab-stop basis. Provision has been made for inserting installment payment premiums and credit for existing insurance on the face of the policy, which cuts work and eliminates one endorsement.

The forms are devised to track with the standard bureau forms in use in a given state. This avoids conflicts which lead to confusion when agents are compelled to discover the differences between two forms, each purporting to cover approximately the same perils. Several agents' associations recently have raised questions on this point and other associations will probably begin to worry about it, too, Mr. Perlet said.

The principal endorsements which are available for the comprehensive dwelling policy are set forth in rule 12 of the general rules, which agents should study, he advised. The use of the endorsements permits the flexibility which producers are finding is necessary in the dwelling field.

The revised rules provide that the policy can be written for the owner-occupant of a one or two family dwelling. In addition, they have been expanded to permit the coverage of a tenant occupying private living quarters in buildings rated under dwelling and apartment schedules. This opens up an entirely new field in the package policy program without the necessity of a whole additional set of forms, rules and rates, he said.

The fire coverages have been expanded so that the producer can provide his insured with four optional types of coverage: The standard form, which is essentially fire, extended coverage and additional extended coverage; the regular broad form building and contents coverage; and the special form to be used for the building, plus a broad-form-contents-only coverage. A form applicable to contents only eliminates the many conflicts which are created when the so-called special form is attached to a policy containing other building and contents coverage. This same broad-form-contents-only coverage can be used for the tenant. Elimination of all references to the building in this form simplifies the policy for the tenant.

The theft coverage follows the standard residence and outside theft policy and includes the mysterious disappearance presumption.

The comprehensive personal liability coverage is identical with the standard CPL policy and includes in addition a fire legal liability coverage. The latter is set forth in the contract as a cover-

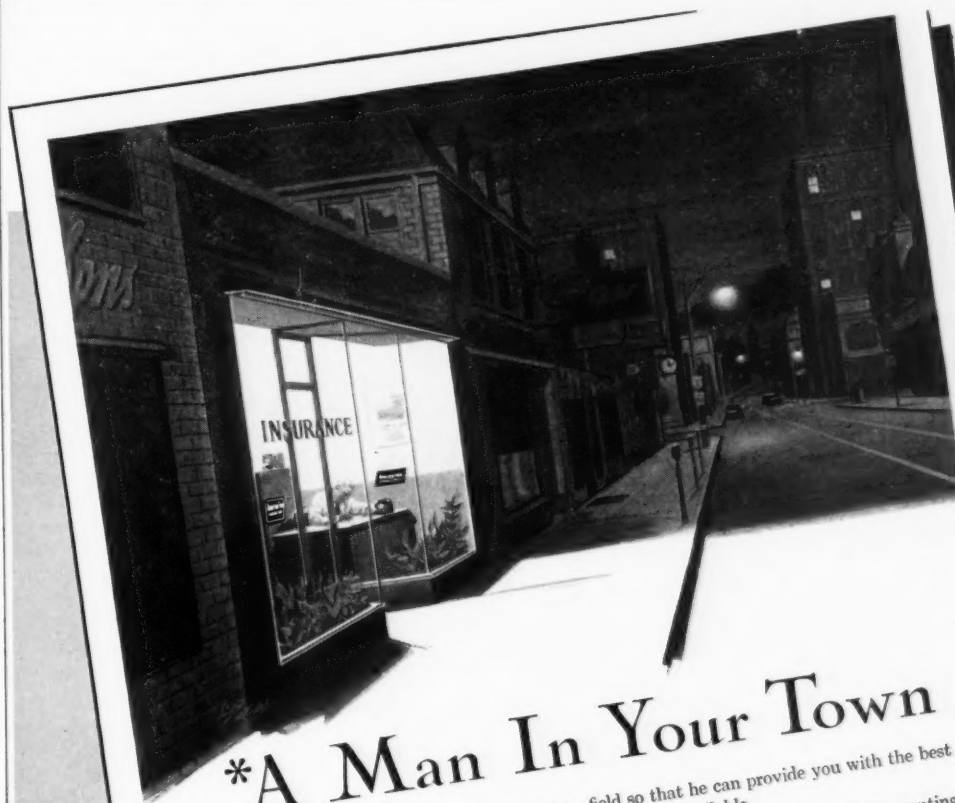
age and is not arrived at by merely making an exception to an exclusion. The fire legal liability coverage is particularly important for tenants.

When the policy is written for the owner-occupant, it is required that fire and allied perils coverage be carried on building and contents, plus on-premises theft coverage, plus CPL. When written for a tenant, it is required that fire and allied perils coverage be carried on contents, plus on-premises theft and CPL.

The extension of the policy to cover

tenants has been done simply. No special policies, forms, endorsements, etc. are necessary, Mr. Perlet stated. The same basic policy is used to which are attached the broad-form-contents-only form for fire coverage, plus standard coverage group B for theft and standard coverage group C for liability. In addition, there is a 20% extension to additional living expenses and a 10% extension to improvements and betterments, with the option to purchase additional amounts of either if needed.

(CONTINUED ON PAGE 26)



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- ★ NATIONAL GEOGRAPHIC

## EDITORIAL COMMENT

### Putting Some Life into Local Agencies

At a time when some in the fire and casualty business are suggesting the possibility of applying life insurance sales methods to fire and casualty insurance distribution, it is an interesting coincidence that the life companies are looking more than ever to the fire and casualty insurance agencies for the distribution of their products. More and more life companies are putting more and more local agencies into the life business.

For the local agent seriously concerned with the problems of meeting competition and laying the foundation for increased future earnings, life insurance has become a more logical way of increasing present and future income than he may realize.

Many local agents still shy away from life insurance as something apart—a completely new line of merchandise that would involve a great deal of effort to master. Probably an even more persuasive factor is the feeling that life insurance needs to be sold by high-pressure. Isn't there danger, the local agent asks himself, that the aggressive technique needed to sell life insurance would alienate the agency's property and liability clients?

But the local agent who lets these fancied difficulties keep him from earning life insurance commissions is living in the past. It is true that the life companies have developed a bewildering array of special policies and other contracts they didn't have a generation ago. But usually these policies have been constructed to fit situations in which most people find themselves and, finding themselves, need insurance. Mortgage insurance, juvenile insurance and business insurance are examples. Thus, life companies aim their policies at logical prospects.

More than that, the life companies have made amazing progress in developing sales aids to help agents merchandise these policies. As a result of all this progress in life insurance sales methods a given expenditure of time to learn about life insurance can be expected to pay off far better than was possible in the days when life agents sold little but ordinary life, 20-year endowment and 20-pay life policies.

But what about high-pressure selling? There still is some, of course. But there's far less of it than a generation ago. The top life agents today depend more on ability to spot situations calling for life insurance, on their improved know-how, and, above all, on their know-who. Career life insurance

agents operate much like fire and casualty agents. That is, they depend comparatively little on sales pressure but a great deal on sound service relationships with persons and businesses that need and can buy insurance.

No longer does the life agent go through a list of prospects like old-time loggers going through a forest, moving on and never coming back. He builds a clientele from whom and from whose friends and acquaintances he gets present—and will get future—business. He knows that the client will do business with the agent he likes to do business with, even in preference to some other agent who has greater technical knowledge or superior salesmanship.

One result of this closer, continuous relationship of the life agent and his clients is that he is quite likely to seek their fire, casualty and A&H coverages along with the life insurance. If a client trusts an agent enough to handle the insurance that must protect his family when the client is no longer there to do anything about it, isn't it an easy next step to let the same agent handle all the coverages? The answer is demonstrably yes, for a great many life agents handle property and liability lines as well as life.

Sometimes this is done on a joint or reciprocal basis with a local agent. But the trend is for the life agent to make across-the-board use of the agent-client relationships he has created.

Where does this leave the local agent who has been content to write the non-life coverages of his clients? It leaves him vulnerable to loss of the entire account to a hard-working life agent who makes an effective effort to handle the client's complete line of insurance.

Here, then, is what an intelligent, vigorous development of an agency's life insurance possibilities may be expected to do for the local agent:

1. Bring in additional income from present and new clients and do it without demanding any great amount of time for becoming reasonably competent in the new field.

2. Make the local agent the client's insurance man across the board, thereby lessening the risk that a life agent doing a fire-casualty business will gain entry through life insurance and eventually take over the whole account.

But there is another point on which the local agent might well test his decision of whether or not to offer life insurance facilities. He can decide whether or not to handle life insurance, or establish a life insurance department

in his agency, on the basis of whether or not it would be convenient and serviceable to his insured for him to do so. Would it produce a long-term improvement in his position with his clients—would it benefit them? If the agent decided to offer life insurance, very likely it would prove profitable—it could prove to be the growth factor for his agency. Or, tested another way, every life insurance policy pays a claim; the customer always gets more than his money back, or his beneficiary does. This offsets the feeling that some fire and casualty customers have and that a few express—that they have paid premiums for years and have never had a loss or a claim.

Some amazing things are going on in the life field. The local agent may not have heard of jumping juvenile or the big package at a reduced price (not homeowners). But it is quite obvious that some of his fire and casualty insured know of these developments in life insurance and are putting money into them. The sales records in the life insurance field in recent months have outdone anything previously seen in the life insurance business. Other developments are in the making, such as variable annuities, in which business men are keenly interested.

Evidence that property, liability and life insurance are quite compatible may be seen in the fact that most of the direct writers have life company affiliates. Representatives of these direct writers sell life insurance as a staple, along with automobile and other coverages.

If anyone doubts the interest of the life companies in developing business

from local agents he should observe the life company advertising to fire-casualty agents. Also significant is the fact that half a dozen life companies exhibited at the recent annual convention of National Assn. of Insurance Agents in Los Angeles.

Whether to get actively into the life insurance business, and if so, the best way of doing it most effectively, are things each local agent must decide for his particular situation. Perhaps the only generally applicable statement that can be made is that the local agent who lets potential life insurance business go by default, because he incorrectly assumes conditions are what they were some years ago, may be in for sharp regret later on.

The local agent today may find himself in the same position with respect to life insurance that he was a few years ago as regards A&H. Local agents, for the most part, flubbed that one—the public went elsewhere for A&H, and when it did so it was to the detriment of both the local agent and the public, as is demonstrated by federal trade commission's activities in that field.

It is probably not practicable for every local agent either to become a life insurance salesman or hire one, but various types of reciprocal or joint arrangements with life insurance producers are available so that to the greatest practicable extent the local agent can earn life insurance commissions on business from his fire-casualty clientele. Thus he turns into an asset an opportunity which, if he passes it, could lead to loss of some of his fire and casualty business.

## PERSONALS

George G. Barker, recently elected president of Nebraska Assn. of Insurance Agents, began his insurance career with the Continental agency at Lincoln, Neb., in 1936. He went to Omaha in 1937 and continued in the agency business until 1940 when he was appointed city supervisor at Omaha for U.S.F.&G. He joined the Foster-Barker agency at Omaha in 1946 and is now a partner in that agency with Joseph Barker Jr. Mr. Barker was also reelected state national director.



George G. Barker

consin Jan. 16, sponsored by the School of Commerce, Madison Chamber of Commerce and the local council of the National Sales Executives Club.

New assistant managers of Oil Association who will work on a country-wide basis are Fred A. Gorham, in



Fred A. Gorham



Leroy S. Miller

charge of coordinated underwriting, and Leroy S. Miller, head of engineering and field technical services. Mr. Gorham has spent his entire career with the association. Mr. Miller went with the association from the chemical engineering faculty of Rose Polytechnic institute at Terre Haute, Ind.

Drex G. Foreman, executive secre-

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PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127, Tel. Pennypacker 5-3706. E. H. Fredrikson, Resident Manager.

SAN FRANCISCO 4, CAL.—Flatiron Bldg., 544 Market St., Tel. Exbrook 2-3034. A. J. Wheeler, Pach, Coast Manager.

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EDITORIAL OFFICE:  
99 John St., New York 38, N. Y.  
Executive Editor: Kenneth O. Force.  
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BOSTON 11, MASS.—207 Essex St., Rm. 421, Tel. Liberty 2-1402. Roy H. Lang, New England Manager.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. O. E. Schwartz, Chicago Mgr. R. J. Wiegman, Resident Manager.

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Assistant Editor: Edmund J. Brophy.  
Editorial Assistant: Lorraine Ulrich.

CINCINNATI 2, OHIO—420 E. Fourth Street, Tel. Parkway 2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; George E. Wohlgenuth, News Editor; Arthur W. Riggs, Statistician.

DALLAS 1, TEXAS—708 Employers Insurance Bldg., Tel. Prospect 1127. Alfred E. Cadis, Southwestern Manager.

DETROIT 26, MICH.—502 Lafayette Bldg., Tel. Woodward 1-2344. A. J. Edwards, Resident Manager.





tary of Texas Assn. of Insurance Agents, and Mrs. Foreman recently returned from a vacation in Hawaii. The vacation was a gift from the association in recognition of Mr. Foreman's 30 years of service.

**Philip S. Beebe**, western department manager for Hartford Fire, has been named to the board of Illinois Institute of Technology and **Earnest A. Henne**, vice-president of America Fore group, has been named an honorary member of the board. Mr. Henne has served on the board since 1933.

**H. Ernest Feer**, manager of Accident & Casualty in Winterthur, Switzerland, has retired and returned to the U.S. He will live in New York City. He plans to continue in insurance as a reinsurance consultant. Mr. Feer entered insurance with Federal in Zurich, came to the U.S. and in 1922 organized the Holborn agency, New York City reinsurance brokers, and became its president. Later he was a vice-president and director of American Equitable in charge of reinsurance of Corroon & Reynolds.

**Ronald R. Kick**, who recently joined Safeco as assistant automobile underwriter at New York City, is the son of Irving Kick of London & Lancashire in New York City, and the nephew of William Kirk who handles A&H for Fireman's Fund in the eastern department.

**William Conley**, actuary for Michigan Farm Bureau companies, is in St. Lawrence hospital at Lansing recuperating after a back operation.

**Ralph Lee Jr.**, Washington, D. C., local agent, has been elected president of the Downtown Rotary club of Washington, D. C.

**Roy E. Carr**, president and board member of Providence Washington and Providence Indemnity has been elected to the board of Rhode Island Hospital Trust Co.

## DEATHS

**JAMES A. COMPTON**, 66, Perth Amboy, N. J., local agent, died at a hospital there.

**JOHN H. LIEBL, JR.**, 64, of the Liebl-Nuernberg agency, Sheboygan, Wis., died suddenly at a hospital there with a cerebral hemorrhage. He was affiliated with the Sheboygan Board of Fire and Casualty Underwriters.

**STOCKTON TOWNSEND**, 67, a partner of Biddle, Townsend & Co., Philadelphia brokers, died at his home in Haverford, Pa.

**WILLIAM WITT**, 74, partner in the Witt & Mandeville agency at Columbus, Mont., died there of a heart attack. Mr. Witt operated his own agency from 1933 to 1950 when he formed a partnership with Charles Mandeville.

**MALCOLM P. LYON**, 70, local agent at Shelby, Mont., and former county official, died at his home there of a cerebral hemorrhage.

**CHARLES C. RAUSCHENBACH**, resident manager of Ocean Accident and resident vice-president of Columbia Casualty in charge of the central department at Chicago, died suddenly of a heart attack at Kewanee, Ill., where he had been visiting agencies.

Mr. Rauschenbach joined Ocean and Columbia in 1926. Before that he was with National Bureau of Casualty Un-

derwriters. Mr. Rauschenbach was a superintendent in the compensation and liability department in the home office before his transfer in 1934 to the central department where he was placed in charge of compensation and liability operations. He was made assistant manager of the central department in 1940 and manager in 1946.

Mr. Rauschenbach was for many years active in insurance organizations and at the time of his death was 1st vice-president of Insurance Federation of Illinois.

**DENNIS N. KEY**, 45, Pacific coast manager for National Automobile Theft Bureau, committed suicide at San Francisco following a long illness. He had been with the bureau since 1940 and was named Pacific coast manager in 1949.

**E. KING WILSON**, 82, retired vice-president of Fidelity & Deposit and an authority on surety law, died in Baltimore. He began his surety career in 1905 with American Bonding and became head of its legal department. Following that company's merger with F.&D. in 1913, he became legal counsel

and in 1921 was elected a vice-president. For many years prior to his retirement in 1942, he served as a member of the drafting committee of Surety Assn. of America, in which capacity he played a leading part in formalizing the language of many of the more important forms of bonds and other guarantees now being written by surety companies.

**MISS O. GERTRUDE LEECH**, secretary-treasurer of the Stough-Vincent agency of Denver until her retirement in 1943 and a director of the firm, died while visiting friends at her birthplace, Parkersburg, W. Va. She had lived in Denver for 50 years.

**MAX POSNER**, 71, agent with the Paris agency at Rochester, N. Y., died there. He had been with the agency since 1935.

**GEORGE J. SIPLE**, Watervliet, N. Y., local agent since 1929, died there.

**HAROLD A. BENJAMIN**, 66, assistant California insurance commissioner, who retired in August, died at a California hospital, following several weeks of illness due to cerebral hemorrhages.

Mr. Benjamin joined the department in 1931. He was made a special deputy insurance commissioner in 1932 and in 1943 was raised to assistant commissioner, being placed in charge of the Los Angeles and San Diego offices of the department.

**MYON E. BRISTOW**, 76, Insurance commissioner of Virginia from 1929 to 1939, died at Richmond. After 1939 he was an examiner and accountant of the bureau of insurance under the state corporation commission. He retired in 1954.

**JOHN L. WALKER**, 63, president of Fidelity Agencies, Inc., at Chicago, died at his home in suburban Kenilworth. An insurance veteran of more than 35 years, Mr. Walker was well known in production circles. He had both company and agency experience. Two brothers are in the agency business, James R. Walker at Kansas City and L. E. Walker at Chicago.

**THEODORE J. GROWE**, 53, local agent at St. Louis, died of a heart attack at his residence in suburban Richmond Heights.

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## Program for Dec. 28-29 Annual of Teachers Ready

Four symposiums will highlight the annual meeting of American Assn. of University Teachers of Insurance to be held Dec. 28-29 at Hotel Roosevelt, New York City.

The convention will begin with a breakfast for CLUs and CPCUs with the formal opening under the direction of William T. Beadles of Illinois Wesleyan University. Hampton H. Irwin of Wayne University, vice-president of the association, is chairman of the program committee and Dr. Victor Gerdes of Assn. of Casualty & Surety Companies is chairman of the local arrangements committee.

Edison Bowers of Ohio State will discuss teaching social insurance as a course in the insurance curriculum at the first session. C. A. Kump of University of Pennsylvania will lead a discussion period. Domenico Gagliardo of University of Kansas had agreed to give the paper on this topic, but suffered a heart attack and died Oct. 3, and Mr. Bowers accepted the invitation to give the paper.

The first symposium on the place of the college graduate in the insurance business will be moderated by Dan M. McGill of University of Pennsylvania. Speakers and their topics are Charles J. Zimmerman, managing director of LIAMA, the place of the college graduate in life insurance sales; Holgar J. Johnson, president of Institute of Life Insurance, the place of the college graduate in life insurance home offices; Guy T. Warfield, president of Warfield-Dorsey Co., Baltimore agency, the college graduate in property and casualty home offices.

At the luncheon session Laurence J. Ackerman of University of Connecticut will preside and George E. Johnson, president of Variable Annuity Life, will discuss the variable annuity.

Herbert C. Graebner of American College will be chairman of the afternoon session at which a symposium will be held on life insurance in its new competitive frame. Richard M. Sellers, vice-president and actuary of Commonwealth Life, will moderate and speakers will be Dudley Dowell, executive vice-president of New York Life, and H. Bruce Palmer, president of Mutual Benefit Life.

The annual business meeting will be held that evening with Mr. Ackerman presiding.

Kenneth W. Herrick of University of Connecticut will present a paper on teaching basic property and casualty courses at the morning session Dec. 29. Charles C. Center of University of Wisconsin will preside and Emerson Cammack of Illinois University will lead the discussion.

A symposium on university retirement programs and social security will be held at the second morning session and Irving Pfeffer of University of California will speak on current retirement programs in American universities and colleges. C. Arthur Williams of Minnesota University will be the discussion leader. Another paper on integration of college retirement systems with the current social security system will be given by William C. Greenough, vice-president of Teachers Insurance & Annuity Assn. of America and vice-president of College Retirement Equities Fund, and

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J. Edward Hedges of Indiana university will lead the discussion.

Mr. Bowers will preside at the luncheon session and Jarvis Farley, secretary, treasurer and actuary of Massachusetts Indemnity, will discuss recent developments in A&H insurance.

New developments and problems in research will be the afternoon symposium topic and John S. Bickley of Ohio State will moderate. Speakers and their topics are Oscar Serbein Jr. of Columbia university, paying for medical care in the U.S.; Ralph R. Botts, agricultural economist in charge of agricultural risks and insurance unit of U. S. Department of Agriculture, federal crop insurance; William M. Howard of Florida university, fire insurance written under perpetual contracts; John F. Adams, director of the bureau of economic and business research of Temple university, problems of automobile accident injuries research; Mr. Hedges, experiment in financial analysis of property insurers; William H. Wandel, director of research of Nationwide, insurance consumption patterns; Philip Elkin of Wharton school, the financial experience of life insurance trusts; and John D. Long of Indiana university, research on property agency continuation. Harry J. Loman of University of Pennsylvania will summarize the symposium.

The nominations committee, of which Ralph Blanchard of Columbia University is chairman, has named the following slate:

For president, Gampton H. Irwin of Wayne university; for vice-president, Charles C. Center of University of Wisconsin; for secretary-treasurer, William T. Beadles of Illinois Wesleyan, and member of executive committee, John W. Cowee of University of California at Los Angeles.

#### Cal. Insurer To Sell Stock

LOS ANGELES—World American of Santa Barbara has applied to the California department for a permit to sell 40,000 shares of \$10 par value stock at a price of \$20 per share. As soon as 30,000 shares are sold, the company will apply for a license to write workmen's compensation, general liability and other casualty lines.

#### Skagit County Board Elects

Felix Minor of Mount Vernon has been elected president of Skagit county (Wash.) Assn. of Insurance Agents to succeed G. O. Moen Jr. of Mount Vernon.

Charles Bingham Jr. of Sedro Woolley is vice-president; Mr. Moen, treasurer, and Dorothy Matenkey of Mount Vernon, secretary.

#### Travelers Honors Me. Agency

H. A. Marston agency of Gardner, Me., has been awarded a plaque by Travelers for 40 years of representation of the company. Warren H. Easton, Portland casualty manager of Travelers, made the presentation to Mr. Marston. W. T. Ray, Travelers life manager, and John F. Asquith, assistant casualty manager, both of Portland, and David Fossett, general manager of the Marston agency, were present.

#### O. Agents' Headquarters Moves

The headquarters of Ohio Assn. of Insurance Agents has been moved to the Hartman building in Columbus. For many years the association has been in the Atlas building.

#### Beisch to Allstate PR Post

Paul F. Beisch has joined the public relations staff of Allstate as supervisor of community relations. Mr. Beisch has been a public relations representative for American Can Co.

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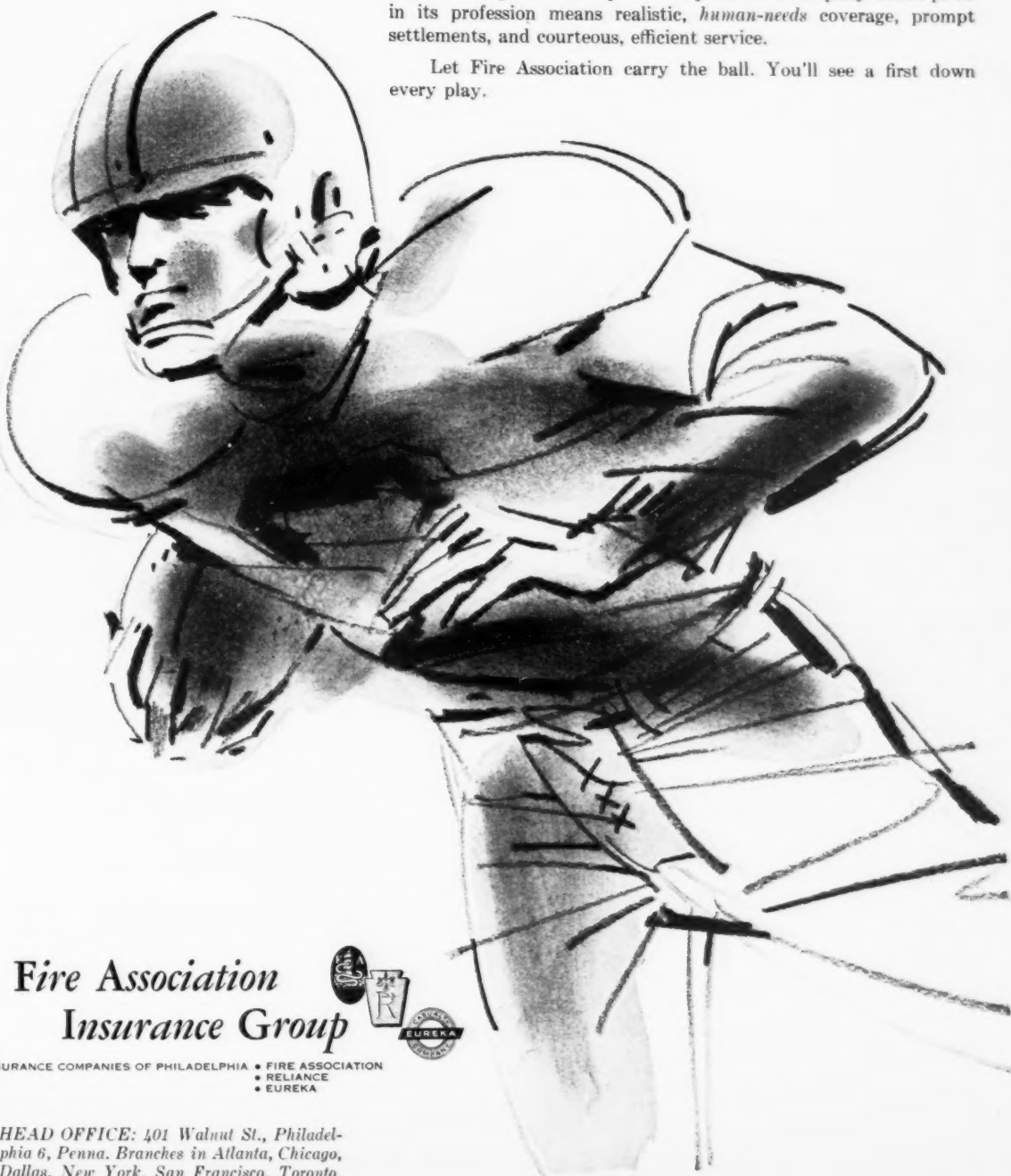
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## FIELD

**Wilson Promoted by Hartford Fire in N. J.**

David A. Wilson has been appointed executive special agent in northern New Jersey by Hartford Fire. He succeeds Claude S. Nunn, who recently transferred to New York City as manager of the metropolitan department. Mr. Wilson will have supervision over the Newark office.

**Blue Goose Officers Tour Western Ponds**

Officers of Blue Goose International have just completed a week-long tour of western ponds of the order.

Most Loyal Grand Gander Robert L. Wiseman, independent adjuster at Washington, D.C., and Grand Guardian Mark A. Wells, publisher of *Insurance Journal* at Los Angeles, began the tour at Tucson where they officiated at initiation ceremonies of the Arizona Pond.

Included in the tour were meetings with the California Pond at Los Angeles, the San Diego Pond, the Fresno-San Joaquin Pond at Fresno and a joint meeting at Portland, Ore., of the Oregon, Idaho, Washington, Montana, Seattle and Spokane ponds.

**Wilkinson in N.C. for Royal Exchange**

George W. Wilkinson Jr., has been appointed special agent in North Carolina by Royal Exchange group. He previously has been special agent in the state for Manufacturers Casualty. He will assist Thomas H. Stronach, state agent in North and South Carolina and Virginia. His office will be in the Raleigh Building & Loan building, Raleigh.

**Aetna Names J. J. Burke Special Agent in Ohio**

John J. Burke has been appointed farm special agent in Ohio with headquarters at Columbus by Aetna Fire. He replaces John Greenawalt who resigned.

Mr. Burke has had nine years insurance experience.

**Hartford Fire Transfers Talcott and Lake**

Harold M. Talcott, farm special agent for Hartford Fire in western Nebraska, has been transferred from North Platte to Great Bend, Kan., and will travel northern Kansas for the company.

Loren D. Lake, formerly farm special agent at Great Bend, has been transferred to North Platte and will travel western Nebraska.

**Mountain States Fire Underwriters Elect Moore**

Orville Moore of Firemen's of Newark has been elected president of Fire Underwriters Assn. of the Mountain States. Edward Reid of American was named vice-president and K. L. Gruenwald of the Daly agency, secretary.

**Royal Exchange Holds Meet**

Royal Exchange held a meeting of field men from five states recently at Louisville.

Attending from New York were Henry C. Pitot, U. S. manager; A. Campbell Miles, assistant U. S. manager, and Michael Bonner and Forest M. Douglass, branch secretaries.

Among field men present were James

Bedell and Robert J. Gray of Ohio, Martin W. Boedeker of Kentucky, R. E. Martin of Tennessee, Tracy Bronson of Georgia and J. M. Martin of Missouri.

**Ellis, Wilhelm Join Security-Conn. Group**

W. Frank Ellis and John F. Wilhelm have been appointed special agents in the southern territory by Security-Connecticut group.

Mr. Ellis will assist State Agent A. P. Carlton in North and South Carolina. His office will be in Greensboro, N. C. Previously he has been North Carolina agent of American Casualty.

Mr. Wilhelm will join Manager Richard J. Burk in Virginia.

**Poffenbarger Joins Buffalo in Indiana**

H. Dale Poffenbarger has been appointed multiple line state agent of Buffalo in Indiana. He entered the insurance field in 1930 as a special agent of Union of Indiana. Recently he has been with Capital Indemnity.

**North British Names Ky. Special Agent**

North British Group has appointed Charles J. Thompson special agent in Kentucky in association with State Agent S. E. Holland Jr. His headquarters will be in the Central building, at Bowling Green.

Mr. Thompson has been with Kentucky Inspection Bureau.

**Hester to Ohio Field for Excelsior of New York**

R. W. Paul Hester has been named special agent for Excelsior of New York in central and eastern Ohio to succeed Rolla Nuckles, who retired.

Mr. Hester was formerly a solicitor for the Springfield Service agency and part owner and manager of the Avondale agency at Springfield, O.

**North Dakota Pond Meets**

North Dakota Pond of Blue Goose held its organizational meeting in Moorehead, Minn. Peter H. Peterson, Home, is most loyal gander; C. O. Young, keeper; R. J. Shamla, Continental, welder; S. G. Mason, Royal-Liverpool, supervisor; P. N. Hegrenes, custodian and J. B. Sigestad, Home, guardian.

**Gangler to Wash. Field**

The American Home general agency has appointed Frank N. Gangler special agent in the state of Washington with headquarters at Seattle. He has been in the brokerage business in that territory since 1947.

**Snow to Neb. Field Post**

Imperial Casualty & Indemnity of Omaha has named Charles V. Snow special agent for Nebraska.

Mr. Snow was formerly a special agent for National Union Fire.

**Conn. Field Men Meet**

Connecticut Insurance Field club heard Harry Cross and Frank Williams of the Hartford office of Pinkerton's National Detective agency at the November meeting at Hartford. The detectives discussed activities of their organization and presented a film.

**Edwards to Cal. Field**

J. W. Edwards has been appointed special agent in the San Joaquin Valley of California for Phoenix of London group. His headquarters will be at Fresno.

**Wash. Pond to Hold Dance**

Washington Pond of Blue Goose will hold its winter splash Dec. 2 at Top

of Scott near Spokane. The event will include a dance followed by a breakfast.

**Trenton, Mich., Inspected**

Michigan Fire Prevention Assn. inspected Trenton, Mich. M. L. Kincaid, Ohio Farmers, and Eugene Grass, Sun, were chairmen. B. H. Peterson, manager, Detroit Mutual Auto, spoke at a luncheon meeting.

**Shelby, Miss., Inspected**

More than 30 field men and rating bureau personnel took part in a town inspection at Shelby, conducted by Mississippi Field Men's Assn. in cooperation with local civic organizations.

The inspection, one of the most successful staged, was directed by the fire prevention committee, headed by R. G. Marchetti, Automobile.

**Jennings, La., Inspected**

More than 30 members of Louisiana Capital Stock Fire Insurance Assn. inspected Jennings, La.

R. Kirk Moyer, managing general agent, was general chairman.

Kansas Fire Prevention Assn. inspected Newton this week under the sponsorship of Newton Assn. of Insurance Agents.

**ACCIDENT & HEALTH****Suggests Program to Solve Ind. Blue Cross Problems**

Declaring that a forthright, constructive approach to the problem of Blue Cross is to be preferred to "disorganized grumbling," John Morris, Hoosier Casualty, Fort Wayne, president of Indiana Assn. of A&H Underwriters, recommended the association undertake a four-point program.

Speaking before a "standing room only" crowd at the regular monthly meeting of the Indianapolis association, Mr. Morris recommended—

—Establishment of an "information project" designed to acquaint agents more fully with the exact nature of Blue Cross-Blue Shield coverages.

—Using the state organization's monthly bulletin as a question and answer service on Blue Cross-Blue Shield problems.

—Watching for and opposing legislation, federal or state, which favors Blue Cross-Blue Shield as contrasted to private insurers or which implies the Blue organizations are better than private companies.

—Funnelling all complaints about Blue Cross-Blue Shield advertising or sales tactics through the state association so they can be screened for validity and then taken up with the proper authorities.

Mr. Morris pointed out that despite use of the slogan, "non-profit community service," both Blue Cross and Blue Shield are, in Indiana, organized as mutual insurance companies under exactly the same laws as all other domestic mutual companies.

**Absorbs Northwest A.&H.**

PORTLAND, ORE. — Northwestern Accident Association of Oregon has been merged with Ins. Co. of Oregon. The 40-year old association will be dissolved, with the insurance company assuming all liabilities and assets.

Northwest A.&H. was founded as a fraternal organization in 1916 and has been operating in the A&H field in Oregon since that time.

**Blue Cross Cover for Ute Tribe**

Members of the Southern Ute tribe, with headquarters at Ignacio, Colo., have been covered by a Blue Cross-Blue Shield contract. This is the first

time an Indian tribe has been covered for medical service by a private organization with no financial assistance from the government.

Ralph Lattimer, Grand Junction Blue Cross representative in the Durango area, said the 265 agreements would cover 554 persons and will cost about \$30,000 annually.

**Women to Lunch with Men**

District of Columbia Association of Insurance Agents will have a luncheon Dec. 9 in connection with Washington Insurance Women's Club and Insurance Managers Assn.

**Coursey Stresses Public Relations at Chicago Meet**

More than 75 members attending the November meeting of Chicago A&H Assn. heard W. G. Coursey, managing director of the International Assn. of A&H Underwriters, stress that the A&H business needs good public relations and the agent is in the best position to create them.

Mr. Coursey said the two big problems facing the industry are knowledge of A&H, both by the public and the agent, and public relations. He said the public could best receive its knowledge from the agent, but the agent has to rely on his company's training program and upon what he can pick up from his fellow agents. "The latter source of agent information emphasizes the importance of membership in the local association," he said. "It gives the agent opportunity to exchange ideas and problems with other agents in the same field."

**A&H Agents Hear Cornett**

William B. Cornett, director of A&H sales and service for Prudential, spoke at a recent meeting of Columbus Assn. of A&H Underwriters.

**Asks Solution to Problems Facing Medical Examiners**

LOS ANGELES—More cooperation from companies, adjusters and attorneys in solving problems facing examiners in litigation and compensation cases was called for by Dr. Daniel Weller, Los Angeles neurosurgeon, at a meeting here of Casualty Adjusters of Southern California.

He listed the major obstacles now faced by the examiner as too much or too little cooperation from patients, time limits on personal and laboratory examinations, lack of case histories and medical records, lack of opportunity for discussion with the patient's physician and interference by the patient's family or attorney.

**Cal. Senate to Study WC**

The California senate interim committee on labor has started a series of meetings throughout the state, which will include studies on workmen's compensation proceedings, permanent disability ratings and awards and WC laws as they compare with those of other states and jurisdictions. Some of the items include revisions of the labor code as they affect unemployment and workmen's compensation.

**New Handbook for Michigan Ready**

A new Underwriters' Hand-Book of Michigan has just been published by The National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, solicitors, groups and other organizations affiliated with insurance throughout the state. Copies of the new Michigan Hand-Book may be obtained from the National Underwriter Co., at 420 East Fourth street, Cincinnati. Price \$12 each.



## Automobile Safety Devices Can Lessen Current Rates in La.

Casualty and surety division of Louisiana Insurance Rating Commission has been studying rate credits on automobiles containing certain approved safety devices, George H. Menefee, Baton Rouge, division chairman, told the November meeting of New Orleans Insurance Exchange.

"The inclusion of safety devices in automobiles," Mr. Menefee said, "will result in a substantial reduction in insurance rates, whether by our allowing credits on automobiles containing these devices, or by improving the loss experience."

"For the safety of the public through protection of life and property, we feel that any research into a reduction of insurance costs is good public relations, only if it is brought to the attention of the public."

John Singreen, president of NOIE, presided at the meeting. Among the reports presented were the progress of the insurance classes at Rabouin School sponsored by NOIE and headed by George Howard; the latest information about the Louisiana Assn. of Insurance Agents presented by Allen L. Smith, managing director, and a joint report about the proposed NAIA convention in 1958 slated for New Orleans. Charles L. Rittenberg, general chairman of the 1958 convention, and Maurice Hartson, Jr., newly elected member of the NAIA executive committee gave the report. Both are past presidents of New Orleans Insurance Exchange.

Fred A. Leitz, public relations chairman of NOIE, said an announcement would be forthcoming in early December about the new 7-class automobile rate schedule that will go into effect that month. Mr. Leitz participated afterwards in a picture with Mr. Menefee demonstrating the application and use of safety belts in automobiles.

"The insurance code of Louisiana," said Mr. Menefee, "provides that the casualty and surety division shall operate as a rate-making body rather than a rate-approving body."

"This is contrary to the practice of most other states, but very much to the benefit of the public in Louisiana in that it permits a rate to be based upon the experience, moreso, developed in Louisiana rather than the experience in other states."

"This rate-making function is one of the principal duties of the casualty division. However, since the public is primarily interested in more coverage at a lower rate, it might be said that to a large degree our public relations consist of attempts to lower rates or to justify the established rate from the standpoint of fairness to all parties."

In closing, Mr. Menefee pointed out how the Louisiana casualty and surety division was the first state insurance department in the United States to make the suggestion of the use of safety devices in automobiles, thereby in the near future through such use "unquestionably resulting in a rate reduction of sizeable proportion."

### Town Keeps Single Agent Plan

The board of selectmen of Andover, Mass., will continue its practice of placing all town insurance with Smart & Flagg agency instead of dividing the coverage among several agencies.

J. E. Collins of Lumbermens Mutual Casualty, selectman, said the board had

been approached by several agents with a plan to divide up the coverage. He said the board noted that when insurance is divided among several agents it is difficult to avoid omissions, eliminate overlapping coverages, prevent gaps in protection and properly coordinate all of the insurance.

### Ohio OKs Company Groups for Statistical Work

National Board of Fire Underwriters, Mutual Insurance Advisory Assn. and National Assn. of Independent Insurers have been approved as fire statistical agents by the Ohio department.

Beginning Jan. 1, 1956, companies writing in Ohio have been asked to report their Ohio underwriting experience for fire and allied lines in accordance with supplemental statistical plans as filed by the statistical agents to whom they report.

### Mass. Compulsory Rates Are Up 5%

Commissioner Humphreys of Massachusetts has affirmed 1956 compulsory auto bodily injury rates at an average increase of 5% plus a \$5 sur-charge for each demerit assessed against motorists for traffic law violations.

The 1956 property damage liability rates in Massachusetts as promulgated by National Bureau are up and down or unchanged with the average about the same for private passenger cars. For commercial cars there is a reduction of 5.4% and for garage and dealer risks the increase is 4.5%.

### Phoenix, Eng., Club Elects New Officers

Phoenix of London Quarter Century Club at its annual dinner in New York City heard U. S. manager H. Lloyd Jones. Franklin E. Newton was elected president of the club, Percy D. La Barre vice-president, Warren H. Pushaw secretary, and Marguerite C. Moffett treasurer.

The four new officers, retiring president Howard M. Borst, John R. Robinson and David W. La Rocque will constitute the committee.

Similar dinners were held in Boston, Chicago and San Francisco the same evening.

### Correct Chicago Examiners Story

A story in the Oct. 27 issue erroneously reported that Assn. of Fire Examiners of Chicago has appointed a nominating committee to draw up a slate for an election during November.

The association has already held its election and officers for the year are Robert F. Jann of Great American, president; Edwin I. Horn of Aetna Fire, vice-president; Herbert E. Mase of Fireman's Fund, secretary, and Jack H. Lee of Hartford Fire, treasurer.

### Clarify Wyo. Insurance Statutes

In answer to a question by the Wyoming insurance department, the attorney general's office has ruled that Wyoming statutes do not prohibit a political subdivision from buying insurance in a mutual fire or casualty company or reciprocal exchange.

Commissioner Ford said a request for clarification on the matter had been asked by several school districts.

### Brooklyn Brokers Elect

Brooklyn Insurance Brokers Assn. has elected Joseph A. Carbone president; Jerome H. Gerst, Frank L. Schiraldi, and Peter A. Locke, vice-presidents; Louis J. Maresca, secretary, and David Krasnoff, treasurer.

Bernard S. McCarthy has sold his interest in the E. W. Shaw agency of Denver and rejoined Gulf of Texas as state agent for Colorado and Wyoming. He was formerly with Gulf in the same capacity.



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## CDP Gives Weapon to Combat Competition

(CONTINUED FROM PAGE 19)

There are no minimum limits of liability for the fire and allied perils coverage. There are two options under the theft coverage. If written under one option, insured must carry a minimum of \$1,500 and a certain discount is applicable. If written under the other, he must carry a minimum of \$1,000, but a lower discount is applied.

If theft coverage is written in an amount equal to 20% of the contents value, with a minimum of \$1,500, a discount of 30% is granted. Many insured, particularly in small towns, feel they do not need a large amount of theft coverage but should be given some theft protection. Therefore, an option has been created whereby this insured can carry a minimum of \$1,000 of theft coverage and receive a 10% discount on the theft premium without disturbing the other discounts.

One of the principal theories of the comprehensive dwelling policy is that of obtaining insurance to value, Mr. Perlet said. The underwriting rules require that insurance be carried 80% to value on building and/or contents, as the case may be. This 80% requirement applies to the specific item of insurance.

Minimum premiums for the policy are \$125 for three years for the owner-occupant and \$100 for the tenant. In view of the coverages granted, these minimum premiums in reality are quite small, Mr. Perlet stated.

There is some objection to the survey form because it takes time to fill it out and insured does not want to sit down and go over his values. However, this is one of the strongest elements of the CDP, from both producer's and company's standpoint, he said.

This is because the survey gives the agent a ready made entree to make a personal contract with insured. It establishes a simple method of gauging values and discloses needed areas of coverages outside the basic policy. It reduces the number of not taken or cancelled flat policies. Studies indicate that approximately 10% of the policies written are cancelled flat and this constitutes a tremendous unreimbursed expense for companies and producers. Other lines of insurance have found that an application form reduces flat cancellation considerably and he believes it will have the same effect in the dwelling field.

The credit for existing insurance rule provides that credit will be given on 80% of the prorated premium of the policy being picked up but computed at current rates. For instance, if the EC rates have increased since the time the specific policy is written, it is manifestly unfair to give credit based on the old rates since it would unduly penalize insured. On the other hand, if the rate has gone down, it is unfair to the company. The most equitable method is to compute the credit on the basis of current rates.

The rating is very simple and, in addition, gives a ready method of demonstrating what additional costs are as insured gets progressively broader coverages, Mr. Perlet declared. The agent doesn't have to refer back and forth to various manuals or to various sections of the same manual to determine how much loading he adds for one form or how much he takes off for a deductible.

Also included is a set of installment premium payment tables which are about the simplest thing ever devised



to take care of what is essentially a very involved situation, Mr. Perlet said.

All in all, Mr. Perlet said, the comprehensive dwelling policy gives the producer a vehicle to fill completely the needs of his clients on a professional basis. It can, therefore, be called the producer's policy, he said.

### Argonaut Group to Write Hard to Place Covers

Argonaut group of San Francisco has expanded its liability coverages to include professional liability for osteopaths and aerial crop-dusters. President Harold B. Hatch said the company is doing research on other coverages with a view of writing lines for which there has been no American market.

The Argonaut group consists of Argonaut Underwriters, a stock company writing liability, automobile, UCD, and group A&H. This is a new company which started Jan. 1 and which will write more than \$1 million in its first year. The parent company is Argonaut Insurance Exchange, founded by Mr. Hatch seven years ago.



Howard B. Hatch

### Western Shifts Alexander in Ohio

D. D. Alexander, who has been at Sandusky, O., with Western Adjustment, has been appointed resident adjuster at Piqua, O., succeeding E. N. Bradford, who has resigned. Mr. Alexander is assisted by Arthur G. Snow Jr.

### Eau Claire Agents Name McDermid

John Batenburg of Racine, the new president of Wisconsin Assn. of Insurance Agents, was speaker at a meeting of Eau Claire association. New officers elected at the meeting are James C. McDermid, president, to succeed L. H. Minton Jr.; C. E. Wilda, vice-president and Robert W. Edgar, secretary-treasurer.

### Holds Minn. Agent Meeting

Preferred Risk Mutual of Des Moines, the company specializing in automobile insurance for teetotalers,

had a meeting for Minnesota agents recently conducted by H. J. Engstrom, Minnesota manager. Speakers included Bern Mercer, vice-president; William Plymat, treasurer, and representatives of the agency, claims and underwriting departments.

### Weaver Joins Higbee at Tulsa

Claude Weaver Jr. has joined Del Higbee & Associates, multiple line adjusters of Tulsa. Mr. Higbee is a former attorney of the Oklahoma highway commission and was at one time assistant attorney-general of Oklahoma.

### Winn Joins Providence Washington in N. Y.

Providence Washington group has appointed Cooper D. Winn III, as underwriting manager of the fidelity and surety department in New York City.

Mr. Winn, who has been in the insurance business since 1932, has nine years' experience in fidelity and surety.

Crowder L. Hale, who has been Georgia state agent of National Union, has opened his own local agency at

College Park, Ga. He will handle fire, auto, bonds and casualty coverage and offer engineering service and appraisals.

### Accountants to Meet Dec. 16

The annual meeting of Assn. of Casualty Accountants & Statisticians will be held Dec. 16 at the Statler hotel, New York City. On the preceding day the electronics committee will hold its fifth of a series of conferences with manufacturers of electronic equipment adaptable to insurance company use. Members of the association will be given the opportunity to discuss the electrodata machine.

## HIGHEST RENEWAL RATIO

Of all the insurance papers published in the United States (weekly, monthly or semi-monthly) The National Underwriter has the highest renewal ratio. What does this mean? Simply that a higher percentage of National Underwriter subscribers renew their subscriptions from year to year than with any other insurance paper.

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## Calls Compulsory Auto a Failure; Likes UM

(CONTINUED FROM PAGE 3)

said. Coverages such as passenger medical, guest coverage, and excess limits coverage are purchased more widely in other states than they are in Massachusetts.

One of the most harmful effects of compulsory insurance is that it throws automobile insurance rate making and claim settlement into the realm of politics, according to Mr. Moser.

"The ultimate result of political rate making can be nothing but inadequate rates," he stated. "Inadequate rates, in turn, can only result in insurers refusing to write the coverages in question and thus lead to no other result than the state going into the insurance business. No state can require coverages to be carried and not provide a market where it can be purchased. Thus, destruction of private industry is inevitable."

Mr. Moser cited the safety responsibility laws passed in most states as one example of a successful alternative to compulsory insurance.

"The existence of this legislation upon the statute books has, without exception, resulted in greatly improved protection to the people of the enacting state by increasing to a marked extent the percentage of insured motorists," he said. "As is true with every law, the effectiveness of these statutes varies directly with the vigor with which they are enforced."

Mr. Moser described legislation providing for impoundment until financial responsibility has been established in case of an accident, which has strengthened financial responsibility laws in certain Canadian provinces.

The unsatisfied judgment claim fund, enacted in New Jersey in 1952, also was cited by Mr. Moser as an example of another solution to compulsory insurance advanced by the insurance industry. The New Jersey law assures that claims for bodily injuries or property damage exceeding \$200 caused by the negligence of an uninsured driver shall be assured payment, he said. The guilty motorist is deprived of his driving privilege and car registration until he reimburses the fund for the payment made by it and furnishes evidence of insurance for the future.

A different approach is used in New

York, Mr. Moser told the meeting. "The plan now being used in New York involves the automatic broadening by practically all insurers doing business in the state of outstanding New York automobile liability policies to provide protection for the insured, members of his family resident with his household and guests riding in the insured car, for injuries caused by the negligence of uninsured motorists, he said. "This endorsement makes the existence of an unsatisfied judgment unnecessary as a condition precedent to payment. The companies feel that they have taken a long step forward in speeding up settlements between the insured and insurer . . . The new coverage contains many benefits that could not be possible under any compulsory law."

This new coverage has been added free of charge to all outstanding policies for the remainder of their terms, Mr. Moser said. On new policies and upon renewal, the coverage is available from stock companies for premiums varying from \$2.50 to \$3.00 annually, and from mutual companies for an annual premium of \$4.00.

"Were compulsory insurance adopted in New York, insureds might save pennies in cost, but lose the equivalent of many dollars in protection," Mr. Moser added.

Compared to the "dismal failure" of the compulsory insurance program in Massachusetts, the New Jersey and New York programs represent an outstanding accomplishment by the insurance business, Mr. Moser said.

"In any area where unsatisfied judgments for motor vehicle accidents create a social problem necessitating solution, the means of solution are at hand," he concluded. "By this I mean a solution through private industry without endangering the present protection enjoyed by the public and without the danger of creation of state funds and the possible destruction of private enterprise."

### Babaco Opens in Ala.

Babaco Alarm Systems has opened an inspection and servicing agency at Davis Electric & Carburetor Co., 2009 South Second avenue, Birmingham, Ala., operated by W. T. Davidson.

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## Engineering Study Reports Flood Cover Remote

(CONTINUED FROM PAGE 1)

William W. Smith, general agent of Raleigh, and Herbert C. Matthews of Raleigh, special agent of Hartford Fire, members of the bureau's executive committee.

In the meantime proposals for reimbursement of flood, wave wash and similar uninsured losses continued to be put forward in quantity as the Senate banking and currency committee under Sen. Lehman of New York held hearings in the northeast.

At Providence, H. T. Freeman, president of Manufacturers Mutual Fire, one of the factory mutuals, said he believed a federal disaster reinsurance corporation to provide reinsurance against floods and other catastrophes could be operated over long periods without subsidization by the government. Private insurers would pay flood losses up to some specified amount with the government reinsurance coming in for the balance. Private companies would repay the catastrophe cover over 10 to 20 years plus a loading for interest and expense. Income tax laws should be amended to permit contributions to reserves tax free until adequate reserves are established. There should be a 1% deductible on the cover and it should be non-cancellable for five years, he said. The insurance should have a 30 day waiting period to avoid purchase immediately ahead of flood danger. There should be a coinsurance clause. Rates could reflect varying hazards. In addition to flood, the cover would in-

clude war damage and danger of peacetime atomic fall-out.

He said that he had asked some factory mutual policyholders if they would be willing to pay more for fire policies to get flood and earthquake coverage. Few thought it would be worthwhile, and Mr. Freeman thinks this is due to the fact that income taxes are high and companies can deduct losses as business expenses.

Testifying at the Boston sitting of the Senate committee Hubert W. Yount, vice-president of Liberty Mutual, speaking for American Mutual Alliance and other mutuals excluding factory mutuals, indicated his insurers would like to participate in any government flood insurance program. If the door is left open, there may be some private insurance.

Many insured now are dropping or reducing their extended coverage insurance because of high rates, he stated.

At Hartford Congressman Dodd proposed three government sponsored insurance plans against floods and other disasters, one for cash reimbursement, one for reimbursement in form of a long term loan without interest, and a combination of the two.

Gov. Leader of Pennsylvania is to appoint a committee to work out a program for flood insurance, to report next March 31. Three members would be from insurance, three from the public and three flood victims. Insurance Commissioner Smith will be an ex-officio member.

### Issues Four More IM Definitions

The committee on interpretation of the marine definition has ruled in No. 76 that library books, magazines and periodicals transferred from a main library to branches are classified as inland marine even though the transportation hazard is incidental.

A policy covering tools, materials, fixtures, supplies and equipment which is personal property of insured, or similar personal property of others, intended for installation, or used in repairing, in the conduct of insured's business, is not classifiable as inland marine; nor is the bailee's section of the policy, the committee ruled in No. 77.

Interpretation 78 holds that contractor shoo-flies may be written as inland marine.

The committee states in 79 that a wholesale plumbing, heating and building supply firm does not have an IM risk when merchandise it purchases from suppliers on an FOB shipping point basis is temporarily stored in one of three buildings pending sale or distribution.

### Stuyvesant Names Olson

Maurice G. Olson has been named executive vice-president and director of Stuyvesant Ins. Co. and vice-presi-

dent and director of Stuyvesant Life, both subsidiaries of General Acceptance Corp.

Mr. Olson had been superintendent of agents in Wisconsin for Continental of Chicago since 1948.

### Wash. Agents to Sponsor State Safe-Teen Program

King County (Wash.) Insurance Assn. will be hosts to the board and past president of Washington Assn. of Insurance Agents Nov. 18 at Seattle to mark the official "kick-off" of the Safe-Teen program in the state.

The state association will sponsor the campaign and the initial drive will be made in one of the King county communities—Bellevue.

Judge Frances Cook of Beaverton, Ore., one of the originators of the program, will be the principal speaker.

### Phoenix, Conn., Names Casualty Underwriter

Phoenix of Hartford group has appointed Frederick H. Butterfield supervisor of the casualty underwriting division of the New England territory with headquarters at the home office. He replaces John I. Klocke, who has been transferred to the Florida district office.

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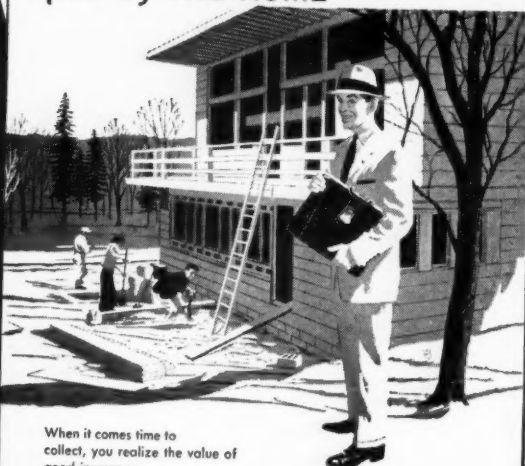
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The Home Insurance Company's new advertisement dramatically illustrates the point about insurance that most interests the policyholder—prompt and fair claim settlement. One of the most powerful sales factors you have working for you is the prospect's knowledge that you render the same skilled service after a loss as you do in the original selling.

This advertisement appears in color in:

Business Week—Nov. 12

Newsweek—Nov. 14

Time—Nov. 14

U. S. News & World  
Report—Nov. 25

Nation's Business—Nov.

Town Journal—Nov.

Better Homes and  
Gardens—Dec.

American Home—Dec.

## Court Holds Part of Fire Claim Is Fraud; Though Withdrawn, Insured Loses Entirely

The New York appellate court in *Happy Hank Auction Co. vs American Eagle Fire* and 14 other fire insurers has defined the obligations of insured to answer questions and produce documents at an examination under oath conducted by an insurer pursuant to the provisions of the New York standard fire insurance policy. The case further extends the rule announced by New York court of appeals in the recent *Delmar Box Co.* case (309 N.Y. 60) with respect to the enforceability of the appraisal provision of the policy.

The appellate court reversed the order of New York county supreme court which denied a motion made by the fire insurer defendants for summary judgment, and directed the dismissal of the complaint, in which the insured, the auction company, sought a \$95,000 recovery. In doing so the court reiterated prior rulings that the penalty for willful failure to answer material questions and refusal to produce material documents at such an examination is avoidance of the policy and forfeiture of all insured's rights thereunder.

So far as is known, however, the decision is the first in the state to extend this rule so as to make material information concerning a portion of the claim originally included in insured's proof of loss but later withdrawn.

"If defendants could prove that the original out-of-sight claim, although withdrawn, was fraudulent, they could defeat plaintiff's claim in its entirety," the court said. "Certainly the legislature never intended that a policyholder could file a swollen claim and thereafter adroitly preserve his legitimate claim by casting off the fraudulent portion if the insurance company came upon the spoor of the fraud. On that basis there would be little risk and no penalty."

Another issue raised by the case was whether or not an insured who claimed that most of its books and records were destroyed in the fire was required, on the demand of the insurer, to produce

certified copies of its U.S. income and state franchise tax returns for the period covered by the books and records claimed to have been lost in the fire. The insurers took the position that the tax returns would have supplied what amounted to copies of the books of account claimed to have been lost and that, in any event, the returns would or should have been "vouchers" for the claim within the meaning of the standard fire policy. The court did not expressly rule on this question since a decision on this point was unnecessary in the light of its disposition of the case made on other grounds. But the court did specifically state that insured had wrongfully refused to answer the question of whether the opening entry on the current inventory account page from its general ledger, which page the court remarked had been "providentially preserved," agreed with the closing inventory reported on insured's last tax return.

Insured also argued that although it was now settled law that a special proceeding under the arbitration law could not be maintained in order to enforce the appraisal provision of the standard policy, a plenary suit in equity could be maintained to obtain specific performance of this part of the insurance contract. The court held, however, that the *Delmar Box Co.* case required the dismissal of the appraisal cause of action in the complaint.

The auction company was represented by Goldstein & Goldstein, Gilbert Goldstein of counsel; and the insurers were represented by Lowenstein, Pitcher, Amann & Parr, Herbert P. Polk of counsel.

### Want Bureau to Handle UM Cover

Greater New York Insurance Brokers' Assn. is urging that rates, rules and forms for the new uninsured motorist coverage in New York be handled through the rating organizations. While the mutual endorsement was filed through Mutual Bureau, the stock company form is individually filed and by-passes National Bureau, which normally handles filings for stock insurers.

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WASHINGTON, D.C.

*Hawkeye-Security*  
**INSURANCE COMPANY**

*Industrial*  
**INSURANCE COMPANY**  
DES MOINES, IOWA



## Welfare Fund Laws Needed in Mass.

Lack of state regulation of union health and welfare funds was decried by a Massachusetts legislative study commission in an interim report.

"There are no rules, regulations or laws in the commonwealth directly governing the funds," the report said. "There is no department or agency where agreements creating these funds are, at present, even required to be filed. This leads to an open invitation to exploitation by the unscrupulous," the report stated.

The commission declared that there are billions of dollars in which the public, unions, management, and insurance and banking all have a vital interest. The report also stated that "glaring instances of an utter lack of protection for the working man and his family places the security of thousands of persons in jeopardy."

The commission asked that it be continued until May.

## Berry Goes with American Universal

Charles D. Berry has been appointed fire adjuster in the claims department of American Universal. He has been on the adjusting staffs of Merchants Fire, Mountain States Inspection Bureau and General Adjustment Bureau. Most recently he was the manager of the loss department of Home at Grand Rapids, Mich.

## Noack Talks on P&I

Hartford chapter of Mariners club of Connecticut heard Richard Noack, vice-president of Fulton P&I of New York City, speak on the development of protection and indemnity coverage and claim problems that arise under the coverage at its November meeting.

## Multi-Line Companies Need Cost Allocation

The recent trend of life companies entering casualty lines and of casualty companies entering the life business makes it more important to management to know the costs of each individual line, Burnell H. Miller, vice-president and controller of State Farm Life, said in a talk on cost allocation at a life insurance conference during the annual meeting of Controllers Institute of America in Los Angeles.

Cost allocation serves management as a measure of control in deciding upon what line or lines the emphasis should be placed, he said.

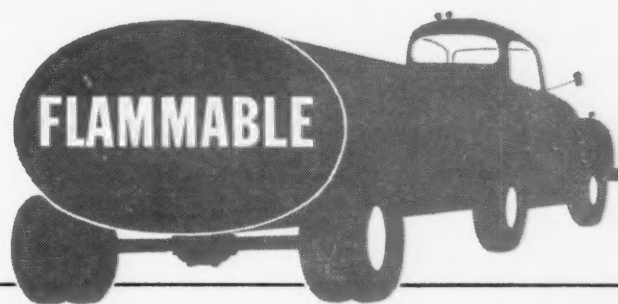
Work measurement, performance budget, tailor-made system and written formulas and procedures are among the important essentials of any cost allocation. The system should fit the business rather than modification of the business to fit the system. The suitability of any method of expense allocation is largely dependent upon the company's mode of operation, size, class of business, and nature of expense incurred.

## Overseas Risks Is Managers' Topic

L. H. Collier, vice-president of American International Underwriters and American International Marine Agency, spoke on buying insurance for overseas risks at the Nov. 17 meeting of American Society of Insurance Managers, formerly National Insurance Buyers Assn., at the Statler hotel, New York City.

## Londoners Visit Stewart, Smith

Derek A. Colls, director, and Patrick J. Osborn, non-marine broker, of Stewart, Smith & Co., London, are spending 30 days in the New York City office of the company.



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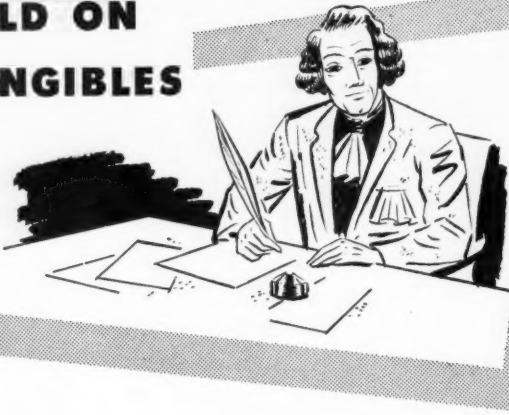
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## Stevens Discusses Claim Handling Cost

(CONTINUED FROM PAGE 5)

Assn. of Insurance Commissioners and made the basis of filing for all states in 1950, is a step in that direction. It is not, nor was it intended to be, the whole answer. The very definition of "loss adjustment expense" makes no distinction between allocated and unallocated expense; and the salary item, second only to commissions in size, is subject to seven methods of allocation from which the reporting company can choose.

These examples are illustrative and not critical. The problem is and continues to be of real concern to the enforcement authorities and to the companies alike. It is hoped and expected that with interest aroused and management enlightened by the impact of increasingly effective competition, the goal of proper rate, that is, one which reflects not only the true indemnity cost, but also its proper share of handling and service cost, will be achieved in the foreseeable future.

The traditionally unallocated expense items are salary, already referred to, transportation, stationery, printing, and communication. Communication, by which is meant the rapid exchange of intelligence, is the heart of the claim service. It starts with the report of the loss, the determination of facts for the determination of liability and value. During this process a simple and flawless method of identification and record keeping is required. Most companies have adopted a mnemonic system, using a variety of colors to aid clerical employees to identify and classify these losses and reports.

By ordinary standards the claim file today has a brief, but active, life. During that time all departments must be informed:

Of the incurred liability—for this is the heart of the business.

Of the physical and moral hazards—for it may be a bad risk.

Of the disposition—so that the loss may be charged against the reserve, the agent's and the insured's accounts.

These services and the salaries of the people who handle them are unallocated expenses.

Among expenses that can readily be allocated are the charges made by experts engaged to evaluate the components of the loss—doctors, appraisers, engineers, and sometimes independent adjusters. Generally this is true of lawyers as well.

Here, however, we get into a difference in handling. Today many companies are using staff lawyers, not only to handle pleadings but to try cases and argue appeals. Some charge these salaries as unallocated expense, as all other salaries—others by a formula charge this expense to each serviced loss. This is also true of the charge of

independent adjusters; some companies charge the whole cost as unallocated expense—others allocate this cost to individual risks or claims.

It is true that there is nothing exact or precisely scientific about the allocation of this expense, which for the five years to and including 1953 averaged 9% of the premium dollar for stock companies and 10% for non-stock companies. It is also true that the anomaly remains. While it is not known exactly where it should be charged, it is known that it is carefully and well spent.

What has the business done to combat claim cost other than to hold a tight grip on the claims expense purse? For one thing, it has set an example which is unique in intra-business co-operation. This has been of slow development but is probably the most complete in the world. In 1927 the claim department of Assn. of Casualty & Surety Companies was formed. This was probably induced by the then very flagrant raiding of insurance companies by a number of capable but unscrupulous attorneys and physicians. It was known that claims were being falsified; injured were being secretly rehabilitated at rest homes maintained by certain doctors, even to the extent of performing operations where none was needed. In one case during this period an *ad damnum* complaint of \$100,000 was tried with a jury verdict of \$125,000. With the formation of the claim department, intensive investigation was undertaken and most of the offenders were brought to justice.

The claims department, now Claims Bureau, has undergone many changes. The bureau cooperates with all insurance companies and other agencies, including all public agencies, in an effort to eradicate fraudulent claims and unethical practices, all of which is in the public interest.

About the time the claim department was organized, Assn. of Casualty & Surety Companies organized the index system, designed as a reporting agency on a non-profit subscriber basis, and made its services available to all segments of the business and those interested in claims control. Organized along the lines of a clearing house, reports are submitted to the nine index bureaus of the system located strategically throughout the country; the claimant's name is checked against the indices of the index system, and within 24 hours a report is made to the reporting insurer of all similar and related claims. The effectiveness of the index system is demonstrated by the fact that over 26% of the claimants' reports have had prior personal injury claims, many for the same injury.

Another function of the index system

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is the tabulation of trends, by which media repeaters and claimants with high frequency occurrences are brought into special focus for investigation by the claims bureau.

The claims bureau maintains eight field offices throughout the country. It is manned by former FBI agents, who undertake to investigate complaints by insurers and others involving fraudulent claimants. Leads developed by the index system are helpful in such investigations. The claims bureau does not undertake to prosecute any of these cases, but as a public service submits any evidence of wrongdoing to the public prosecutor or other interested agency. A high degree of cooperation with all public departments has resulted in a fine record of self policing in this business.

About 1940 the casualty claims executives committee of National Assn. of Mutual Casualty Companies joined the stock group and formed the combined claims committee. Composed of executive heads of the claim departments of respective groups, this committee, operating through sub-committees, lays the pattern of claim conduct for business. In this area there is an example of the most complete intra-industry cooperation on the American scene. One of its first functions was to resolve a problem which had already become troublesome--that of the practices of some companies and adjusters, in their dealings, and members of the bar. As a result, a statement of principles, representing an agreement with American Bar Assn. on the respective rights and duties of lawyers and laymen in the business of adjusting insurance claims was adopted. To this agreement the following joined: American Bar Assn., Assn. of Casualty & Surety Company Adjusters, American Mutual National Assn. of Independent Insurance Adjusters, American Mutual Alliance, National Board and National Assn. of Independent Insurers. It is the code of conduct for the insurance adjuster and has been written into the code of ethics of the lawyer. Since its adoption the problem of the respective areas of operation of the representation of injured and insured has been resolved, with the result that there is a minimum of conflict.

Another function of the combined claims committee was the setting up of the claims managers' council. Designed as a subcommittee of the joint claims committee, it has been organized in every principal city in the country. All member companies of the stock and mutual groups operating in the territory are represented in the council, and attendance at its meetings is considered essential. The design of the council is to exchange, as does the parent body, information and practices, which are local in nature, in the interest of expeditious and equitable disposition of claims, all of which makes for

further reduction of costs in claim handling.

One of the recent functions of the combined claims committee is the adoption, through its local councils, of the independent appraisal plan. In studying the cost and effects of the rising cost of automobile property damage and collision losses, it was recognized, as it had been earlier in the metropolitan areas, that it was possible to control excessive repair costs through the elimination of duplication in repair charges, and actually keeping in line a garage which might otherwise be inclined to be dishonest. The plan, a new approach, provides for the sponsorship by the claim managers' council of an expert to appraise damage to automobiles. This independent and impartial appraisal of such damage has resulted in an estimable reduction in costs in such claims. It has the further advantage that as a central agency it is able more effectively to point up areas of trouble and to supply statistical information which, because of its scope, is useful in evaluation of problems and, in consequence, in the determination of practices and methods.

Of all the devices designed to effect savings in claims handling, the nationwide inter-company arbitration agreement has been the most effective. This agreement binds all signatory companies to submit to arbitration any automobile physical damage subrogation claim not in excess of \$1,500. Larger amounts may be submitted by agreement of the parties. Simple rules of territorial jurisdiction and handling have been adopted. The committees are composed of claim managers selected by the combined claims committee, who sit in every major city in the country. Controverting companies may have representation at committee hearings, but generally the committee decides the claim on the evidence contained in the insurers' files alone. The decision is binding and is not subject to appeal. All of the major stock, mutual, fire and other property insurers are signatories to the agreement.

The effectiveness of this agreement cannot be measured in the savings of the claims expense dollar, though it is considerable, but in the public interest. Each year the courts, with crowded calendars, are relieved of thousands of these troublesome cases and the public, insured and witness alike are spared time consuming attendance at trials.

The efforts of the business to keep to a minimum not only the expense but also the cost of claims are in a large part defensive. Cooperation in the business is a direct result of open attack on the available claims' dollar. The elements of the attack are legion and come from all sides. One is inflation. The \$1,000 car of the 1940s costs \$3,000 today—and costs proportionately to repair. Medical, nursing and hospital



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## Self-Insurers Will Hold Annual Dec. 8

Self-Insurers Assn. will hold its annual meeting Dec. 8 at the Biltmore hotel in New York City. Labor conditions and workmen's compensation are the general themes of the meeting.

The board of managers will be elected at the executive session at which C. F. Smythe of New York Telephone Co., chairman of the group, will preside.

At the morning session Solon J. Stone, attorney of Buffalo, will review decisions during the past year under the New York workmen's compensation law, and John L. Ostrander of Syracuse, chairman of the New York legislative committee on industrial and labor conditions, will discuss the purpose and operation of the committee. F. H. Humphreys of A.C.F. Industries will preside.

The psychological approach to accident prevention philosophy will be discussed by Ralph J. Crosby, assistant vice-president of Marsh & McLennan, at the afternoon session. John Radcliff, supervisor of the industrial hygiene

department of Ford Motor Co., will discuss occupational hazards. Angela R. Parisi, chairman of the New York Workmen's Compensation Board, will speak on New York workmen's compensation. E. R. Alder of Socony Mobil Oil Co., will preside at the afternoon session.

A reception and dinner will be held in the evening.

## Geckler Joins Ashley Agency at Rochester

Ludwig Geckler, former special agent of Phoenix of London group at Rochester, has joined Egbert F. Ashley Co., general agents at Rochester, N.Y. He joined Phoenix group in 1951.

## M&C, OL&T Revised by Mutual Bureau

Clarification of the classifications and rules of liability insurance manuals has been made by Mutual Bureau, effective Nov. 9, in 43 states and District of Columbia.

In the OL&T manual, garden apartments are rated as apartment or tenement houses if they have a common

ownership, management or control and have community storage and laundry rooms, playgrounds, gymnasiums, etc.

Coverage for the construction of a private residence or two family dwelling on vacant land by insured, or insured and independent contractors, now follows the basic OL&T manual rather than M&C or CP manuals.

Premiums for hospital professional liability three-year policies is now determined annually on the basis of the units of exposure existing and the rates in effect at the inception of each year of the policy.

Professional liability exclusions on OL&T classes have been revised to indicate specifically the exposure which is intended to be excluded. M&C and OL&T now includes, without additional charge, coverage of incidental operations such as advertising signs, picnics, outings and athletic games.

## R. W. Walker Joins Underwriters Adjusting

R. W. Walker has joined Underwriters Adjusting Co. as general adjuster for Minnesota.

He has been with Western Adjustment for 19 years—most recently as assistant manager at Minneapolis.

## N. Y. Federation Set for Big Luncheon

Arrangements have been completed for the big insurance luncheon of the year in the east, that of Insurance Federation of New York at the Hotel Commodore, Dec. 8. This is New York's show of strength and at least 1,600 are expected to attend. Robert H. Nicholls, vice-president of Fidelity & Casualty, is executive committee chairman of the federation.

Norman T. Robertson, agency superintendent of Zurich at New York, chairman; W. Irving Plitt of Atlantic Mutual, vice-chairman; Russell Edgett, secretary of the federation, secretary; and these members, from New York City unless otherwise specified—George F. Avery of U.S.F.&G., Stephen Bedel Jr. of Maryland Casualty, T. Edward Beh of Commercial Union, Ashby E. Bladen of Aetna Fire group, Clarence A. Borst of U.S. Casualty, Edward M. Brown of National Surety, Norman R. Clark of Travelers.

Also, Emil T. Clauss, agent of Buffalo, Charles A. Collin of Phoenix of Connecticut, Rexford Crewe of Hartford Accident, Robert E. Curry, agent, A. C. Deisseroth, agent of Syracuse, Thomas R. Dew of Chubb & Son, Raymond P. Dorland of Davis Dorland & Co., William R. Ehrmanntraut of American Surety, George I. Gross of the law firm of Powers, Kaplan & Berger, James M. Henderson of Fidelity & Deposit, H. K. Heussler, agent of Buffalo, Everette H. Hunt, federation counsel, Emil Kratovil of Carpenter & Baker, Harry F. Legg of New York Board of Trade, William H. Lucas, agent LeRoy, Rankin Martin of Standard Accident, Edward W. McAndrews of Hall & Henshaw, David S. McFalls, agent, John H. Mears of Brown Crosby & Co., Samuel A. Mehorter, agent, Albert E. Mezey, agent, Jerome S. Miller, broker, Leonard O'Neill of Great American group, Rodney E. Piersol of Alexander & Alexander, R. H. Poggenburg of Brooklyn, Arthur A. Quaranta of Marsh & McLennan, G. Foster Sanford of Smyth, Sanford & Gerard, Robert T. Schaller of Continental Casualty, Arthur Snyder of Alfred M. Best & Co., Lawrence J. Sobel, broker, Claude T. Spaulding of Aetna Life group, T. M. Torrey of North America, Carl Typermass of Home, John C. Weghorn, agent, David C. White of Caledonian, Russell Witt-penn, broker, H. F. Witzel of American Re group, and Carl A. Young, agent of Syracuse.

## Hartford Accident Trains A&H Group

The first group of men engaged by Hartford Accident specifically to expand its A&H department has completed an intensive home office training course.

Members of the group, now assigned to branch offices throughout the country as A&H sales promotion representatives, are George H. Sole of West Hartford, Conn.; Leo P. Finn of East Hartford; Robert J. McCahill of New Britain, Conn.; Donald W. Swain of Marblehead, Mass.; Robert C. Brandegee of Chatham, N.J.; Garth B. Everts of Durham, Conn.; John R. O'Connor of Fairfield, Conn., and William C. Dobson of Malverne, N.Y.

Also, John D. Fulk Jr., of Martinsville, Va.; Robert J. Buden of Cohoes, N.Y.; Edward R. Gengelbach of Plattsburg, Mo.; Oscar L. Holmes of Covington, Ga.; Thomas H. Kennedy of Martinsville, Ind.; Robert W. Crosson of Newark, and John W. King II of Levittown, Pa.

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## Compulsory Auto. A&H, Big Breeders of 1955 Legislation

Compulsory auto insurance bills were introduced in 20 states in 1955 and all failed, Assn. of Casualty & Surety Companies states in the report of the law department, just published. This was the heaviest legislative year on record, according to Ray Murphy, general counsel.

All state legislatures met in regular session except Kentucky, Mississippi and Virginia, and 12 legislatures met in special session, with Alabama holding three special sessions and Mississippi two.

More than 20,000 pieces of legislation required examination by the association during the year to determine whether they affected the business of member companies, and of these the staff recorded and followed closely more than 9,000 measures. The department distributed 2,782 memorandums on bills and 1,518 memorandums on bills enacted into law.

In addition to the 20 compulsory auto bills, compulsory auto insurance for minors failed in Arkansas, Washington and West Virginia, and a bill to require compulsory insurance as a prerequisite to the issuance of a learner's permit failed in New York. In Massachusetts, more than 60 bills affecting the compulsory law were introduced and only one, providing for merit rating, was enacted.

The report also cites the increased interest of plaintiffs' attorneys in legislation, particularly in sponsoring bills relating to the trial of a negligence suit, guest statutes, comparative negligence, direct action and wrongful death actions. Plaintiffs' attorneys were particularly active and effective in Alabama where a number of their bills passed the house but failed in the senate.

In A&H, numerous bills were introduced to limit or to eliminate completely the right of cancellation. Most failed. The report attributes the great volume of legislation directed at A&H to recent publicity which "undoubtedly has bred an unfavorable legislative climate."

Jurisdiction over A&H advertising has been one of the "most vexing" problems confronting the insurance business and the commissioners, the report states.

The year has seen increased efforts by alien government-owned insurers to become licensed in U.S., the report notes. Nine states enacted laws prohibiting the licensing of such insurers.

## Pa. Flood Losses May Reach \$170 Million

Pennsylvania's flood losses in Hurricane Diane were between \$130 million and \$170 million, Francis A. Pitkin, director of community development in the state commerce department, testified before a Congressional committee at Mt. Pocono, Pa. He made a plea for nationwide flood insurance.

Meanwhile, Gov. Leader of Pennsylvania has asked the state insurance department to study the flood insurance problem and report to Congress and the state legislature.

## Ohio Casualty Declares Extra

Ohio Casualty has declared an extra year-end dividend of 35 cents per share payable Dec. 15 to holders of record Dec. 5. This is in addition to the regular dividend of 40 cents per share and represents a total of \$1.95 per share for 1955, increase 15 cents over 1954.

## NOW! Brand-New Extinguishers Make Kidde Line Most Complete!



Efficient, dependable and superior in design, the new expanded line of Kidde extinguishers now makes it easier for you to choose the right extinguisher for every fire hazard!

1. Water and anti-freeze. Now available either air-pressurized or cartridge-operated, in either brass or stainless steel, 2½ gallon capacity.
2. Pump tanks. 2½ and 5-gallon sizes, in either galvanized or polished copper tank. Removable all-brass double-action pump throws 40-foot stream.
3. Dry chemical. Air-pressurized in 5 or 10-pound capacities, cartridge-operated in either 20 or 30-pound portables. 150-pound capacity wheeled unit for large hazards.
4. Carbon dioxide. Portables in 2½, 5, 10, 15 and 20-

pound capacities, in either trigger or squeeze-valve models. Also wheeled units in single-cylinder capacities of 50, 75 and 100 pounds.

5. Vaporizing liquid. CTC or CBM, pump or air pressure operation with seamless drawn brass shell. Pump capacities 1 to 1½ quarts, pressurized capacities 1 and 1½ quart or 1 gallon.

6. Foam and soda-acid. Seamless drawn brass or stainless steel shell, in 2½ gallon size. Also available: 40-gallon soda-acid and foam wheeled units.

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## Mutuals Hold Accounting, Statistical Meeting

(CONTINUED ON PAGE 13)

companies are no longer faced with the question of "going multiple line" but only with determining "the best way to enter multiple line operation." His suggestions for entering multiple line operation were: Take an objective look at the present operation, set up a plan well in advance, consolidate related lines first, integrate slowly by starting with the claims and production departments, consider establishment of a pilot unit, exercise extreme care in integration of underwriting and processing, provide for adequate training and do not proceed too rapidly without adequate controls, place definite responsibility at one source, and utilize the ideas and examples of other companies.

"Keener competition and rate reductions have made it more important to carefully plan future operations so that each dollar for production of business, payment of claims and serving of policyholders is spent as economically as possible," William Hoch of Nationwide Mutual said in a discussion of budgeting. The budgetary control program should coordinate the efforts of the entire organization toward a predetermined goal, he said, and provide a basis for control of operation by setting for every responsible executive a definite task or standard of performance against which actual results can be measured. Mr. Hoch reviewed methods of establishing a budget program and pointed out that a well coordinated budget program built on the needs of each individual company will pay for its cost of operation many times over.

"Many accountants and statisticians fail in the exercise of their management duties and prerogatives," according to Dr. Arnold Schneider, head of Western Michigan college department of business studies. "They must earn the right to participate as management men or else the information they have at their command will be relayed to someone on the management team who can interpret it and make the most effective use of the data that is available." Dr. Schneider said the "benchmarks" which determine the eligibility of an accountant or statistician for the management team include cooperativeness, interpretative capacities, conceptual knowledge, the capacity to develop ability in others and the capacity to delegate.

John O. Miller, personnel director of Farmers Mutual of Madison, warned that employee incentive plans are not a cure-all for increasing production of office workers. "Determine first whether all factors which make up a employer-employee relationship are satisfactory," he said. "If they are, then is the time to consider incentives." Mr. Miller reviewed several office employee incentive plans and said one of the major problems in adopting the system to office workers is the difficulty in establishing work standards and measuring work output.

Benjamin V. Hanthorne, personnel manager for Auto-Owners, said hiring stable employees and hiring only those persons with the ability to do the job are the first steps in reducing the turnover in office personnel. Once employees are hired, Mr. Hanthorne said, the company should take an individual interest in them, treat them fairly salary-wise and offer fringe benefits common to the area. He said the most important

factors in reducing turnover, however, involve making each employee know that he is necessary to the smooth operation of the company and providing him with an opportunity to participate in some decision making.

"The four basic areas in which management has the right to look to personnel managers for control include employment, employee relations salesmanship, transfers and separations and interpretation of personnel policies," according to Darrell B. Southern of Employers Mutual Casualty. He said selling the company to employees was one of the most important jobs of personnel managers. "If you disagree with management on personnel policies," he said, "argue with management, but never blame management." he said there is a definite obligation on the part of personnel managers to back up their companies on all points and explain why things are done as they are.

### Minn. Association Plans Two-Day Agency Seminar

A two-day seminar on agency management and ownership will be given Dec. 1 and 2 by the University of Minnesota in cooperation with the Minnesota Assn. of Insurance Agents. A review and examination for each subject will be given and the university will issue a certificate of attendance and NAIA will grant its certificate to registrants who successfully complete the seminar.

The seminar will also have an informal discussion pertaining to customer account analysis but no examination will be given.

Faculty members and participants will include Thomas J. McKernan, director of education, NAIA, New York City; C. Arthur Williams, assistant professor, school of business administration, University of Minnesota; William Peet, chairman, education committee, Minnesota Assn. of Insurance Agents; L. W. Sanford, vice-president, Marsh & McLennan, Minneapolis, and Arthur A. Hirman, Rochester, past president, Minnesota association.

Topics for the agency management phase include: The agent's office-employment practices; supervisor-training methods; office-environment, job analysis, work flow analysis and physical planning; cost analysis-value of an expense study; subsidiary uses-use and interpretation of results.

The agency ownership seminar will cover types of agency organization, contracts, agreements and ownership of expirations.

### Catanzaro to Wineman Agency at Chicago

Joseph G. Catanzaro has joined the Wineman Bros. agency at Chicago as casualty manager.

An insurance veteran of more than 25 years, Mr. Catanzaro formerly was in charge of automobile underwriting for Associated Agencies at Chicago.

### Vavra and Talke Join Standard Accident

Leonard J. Vavra and Alfred Talke have joined Standard Accident and Planet as field representatives at Cleveland and Rochester, N.Y., respectively.

Mr. Vavra has previous experience as an underwriter and Mr. Talke was formerly a special agent.

Van Norman & Morrisson, Inc., agency and brokerage firm in Los Angeles for more than 40 years, has moved to new offices in the Architects building, 816 West Fifth street.



## Stevens Discusses Claim Handling Cost and Control

(CONTINUED FROM PAGE 33)

costs have risen, as have construction and repair costs.

More insidious than these are the developments of our social advance, where the attack is both legislative and judicial. To mention a very few:

In New Jersey the unique unsatisfied claim and judgment fund law, which provides indemnity for those who suffer personal injury or property damage at the hands of an uninsured motorist. The insurance business is called upon to help establish the fund by payment up to one-half of 1% of its total automobile premiums written in the state, and to handle all claims against the fund at the expense of the insurer.

At common law, charitable corporations—churches, hospitals and the like—were immune from claims by beneficiaries for negligence. Today many states, by judicial decision or by statutory enactment, have removed the immunity; and the list grows.

The financial responsibility laws of many states provide that where insured is subject to the provisions of the law, the insurer is deprived of any defenses

as to the applicability of its policy, even though the policy would be voidable under ordinary circumstances—even though it was obtained by fraud.

In many states the doctrine of attractive nuisance is applied. In at least one state where this doctrine had been rejected, and premiums accordingly reflected this lack of responsibility, the courts, reiterating that the doctrine had no application where a child was burned on the premises of another as a result of a trash fire, held the owner responsible since he was charged with "foreseeability for harm" to the child.

While most workmen's compensation laws provide the employer is not responsible for injuries to an employee who wilfully disobeys, in a recent case where a gas station attendant spilled high octane gas on his uniform and was ordered to change and warned of the danger, when the employee bragged he was not afraid and lit a match to prove it, the court allowed recovery for his burns, holding he was not disobedient in relation to his employment.

The outlook is fascinating, if not too clear. The insurance business has demonstrated its resourcefulness, its leaders' ingenuity, and a willingness to cooperate in areas which serve the public good. More accurate rates, more

complete coverages are assured. When the public realizes that high verdicts are, ultimately, at public expense, the cost will reflect its attained wisdom.

## Western Adjustment Holds School for Auto Men

Twenty-five adjusters recently completed a school for senior auto adjusters, covering special problems involved in the adjustment of truck, semi-trailer and other heavy equipment losses, at the head office of Western Adjustment in Chicago.

The school was under the direction

of G. S. Corcoran, auto manager. A. E. Musselman, special representative of American and F. E. Woodman, loss supervisor of Homeland assisted in the school as did Automobile Supervisors N. J. Bock of Western's Milwaukee office, E. F. Kehoe of Cleveland, and Adjusters C. M. Johnson, St. Louis, and J. D. Canty, Peoria, Ill.

Field trips were taken to the Fruehauf Trailer Co. and the Cummins Illinois Engine Co.

Sidney Miller, manager of the Social Security office, spoke on "Social Security and You" at the November meeting of Insurance Women of Madison.



*From the diary  
of an Agency Secretary*



Oh dear, a girl never knows, does she? I mean, she thinks she's working hard and doing just right and watching out for her boss' interests and . . . and then it happens. Today Mr. L scolded me! "For Pete's sake, Ellen, anyone'd think we had only one company in this office. 'To the PLM . . . the PLM . . . the PLM.' May I remind you, young lady" . . . I couldn't help but interrupt him. "Oh, I know we've got other good companies, but honestly, Mr. L, PLM is so accommodating and so flexible. You know yourself you're always talking capacity. Last week we sent them the big Walker plant and today the policy on Mrs. Johnson's home. 'No risk too large and none too small,' they say and they seem to mean it. Shall I . . ." "No, let it ride, Ellen. I like PLM myself, but, er . . . remember now!" And then he smiled and then I felt better. 'Night, Diary.

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Would you like a company in *your* office with PLM's modern ideas of service to agent and assured . . . with PLM's flexibility and capacity . . . with PLM's claim- and dividend-payment record . . . with PLM's strength and underwriting experience? If so, why not get in touch with us?

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Last year we Americans watched fires burn up approximately \$871,000,000 in property—certainly the biggest and most expensive show in the world.

It is a show without stars, of course, and the unlucky cast changes daily. You never know when you may be called upon yourself to be an unwilling performer. You can, however, take two precautions so as not to be among the many who will suffer severe financial losses from fire this year:

**First, don't be careless with the instruments of fire. It takes just one short circuit or one cigarette, thoughtlessly handled, to burn down a house or a city.**

**Second, don't be careless with your fire insurance. Buy your insurance through a competent, independent insurance agent or broker who will make certain you are adequately covered and who will help you if you do suffer a loss.**

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This advertisement appears in the country's leading newspapers

## High Court Denies Certiorari in Cal. Free Press Case

The U.S. Supreme Court has denied a writ of certiorari in the case of A. V. Barton vs American Automobile and Associated Indemnity, involving the free speech and press provisions of the first and 14th amendments to the Constitution.

The case involved an alleged attempt to influence a juror by placing an advertisement in a national magazine which addressed a juror and told him that the more he awarded a plaintiff, the more it would cost him in his own insurance premiums.

A juror placed the advertisement in the jury room during a personal injury case.

It was charged that these ads, as well as an article concerning the campaign, amounted to a contempt of the judicial

process and a conspiracy formed with the intent to corrupt jurors.

The attorney general of California brought an action in quo warranto against the charters of the insurers charging them with violating the laws of the state. The insurers filed a demurrer, which was sustained, on the grounds of constitutional protection of free speech and free press.

The appeals court sustained the judgment of the lower court that the insurers were protected by the Constitutional amendments and a rehearing and a hearing in California supreme court were denied.

## San Antonio CPCU Holds Classes

San Antonio Chapter of CPCU is sponsoring courses in field work, claims adjustment, home office work and a basic course in insurance for agency personnel at San Antonio college.

## Wrong Barn Case Is Won by Insurer

U.S. Supreme Court has denied certiorari in Howard Foundry Co. vs Hartford Fire. Hartford Fire had issued a binder on a barn on one farm owned by Howard Foundry Co. but the actual policy described a barn on another farm owned by the same company. The former barn burned, and insurer denied liability, arguing that it had issued an oral binder conditioned on an inspection of the property. The subsequent inspection was allegedly on the wrong barn. Insured won a jury verdict but the appeals court held for the insurer.

## New Regional Office in St. Louis

Construction history was made in St. Louis with the erection of a new regional office headquarters for General Ins. Co., Safeco, First National Ins. Co., and General Casualty Ins. Co., at 3750 Lindell boulevard.

Concrete floors and the roof of the two story building were poured on the ground on top of each other, being separated by layers of wax. Later, the six slabs, reinforced with steel were hoisted into place by hydraulic jacks. The slabs will be permanently welded into place and the remaining work will be completed.

Insurance Women of Pittsburgh were host to their National president, Miss Elizabeth F. Deseri, at their November dinner meeting.

## Tex. Agents Hold Regional Meetings; Elect Chairmen

Newly-elected regional chairmen of Texas Assn. of Insurance Agents are Damon Shive of Vernon, district I; W. E. Phillips of Dumas, district VII, and John Shropshire of Lubbock, District XII.

The regional meetings were held at Wichita Falls, Quanah, Nocona, Amarillo and Plainview and included talks by Porter Ellis, president of the Texas association; Mark Wentz, fire commissioner; Herman Bogeman, director of the auto section of the Texas department, and J. D. Squibb, manager of Texas Automobile Insurance Service at Austin.

The association's one-day casualty and surety meetings will be held Jan. 23 at Dallas and Jan. 24 at Houston under the direction of W. Nicholas Williams of Dallas, Richard Hicks of Tyler and R. L. McKinney Jr. of Denison.

Lamar Livestock of Rosenberg, Tex., has increased its capital to \$20,500.

Betty Bagger, Region V director of National Assn. of Insurance Women, was weekend guest of Cathrine Priesskorn, Racine, retiring director, and at an open house at the latter's home to which members from Milwaukee, Kenosha, Rockford, Ill., and Racine clubs were invited. Kay Bonini, president of the Racine club, presented Miss Bagger with a gift from the club.

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By grouping the coverages your clients need in one Homeowners Policy, you can give them better protection at lower cost than if they bought several separate policies.

And you can get more business and hold renewals more easily—leave less room for a competitor to cut in.

Interested? Then the Zurich-American field man will be glad to talk things over with you.

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## Insurer that Surmounted Its Difficulties

(CONTINUED FROM PAGE 15)

\$250,000 within 12 months. Whereupon, Mr. Lane said that he would put up the necessary capital if Mr. Thompson would continue to manage the company.

The bank plan was to put in additional capital funds, to provide new management and to protect the agents and policyholders, but it did not give relief to stockholders. The stockholders were promised, and later given, the privilege of buying stock in the new corporation. The plan was unanimously adopted by the stockholders of both corporations.

On Oct. 1, 1953 the company had capital of \$250,000, surplus of \$114,600, and unearned premium reserve of \$103,000. Its reputation had been destroyed and it had lost the confidence of agents. The business had dropped to almost nothing, agents had held back balances, and there were several suits pending. The company had about twice as much personnel as necessary, and yet the processing of business was about two months behind. Perhaps the worst feature, however, was that the business on the books was business which had produced loss ratios as high as 123.

The management immediately reduced the number of employees, reduced office space, cancelled block after block of unprofitable business, compromised balances where possible and sued on other balances. Reinsurance was rearranged for easier processing and so that the company obtained guaranteed reinsurance commissions. Incidentally no reinsurer lost money on the operations of Southern F.&M.

The hardest job, however, was restoration of morale among employees and the restoration of the confidence of agents. On Dec. 9, 1953, over the objection of many, the name was changed to American Southern. This proved to be a very wise move, because the name Southern F.&M. did not have a good sound to certain people.

Management early recognized that a small company cannot do business exactly as larger companies do. By virtue of size alone a small company is at least more flexible, and American Southern tried to give its agents personal attention. Its first major deviation from standard practice was to write retrospective automobile PHD from finance sources. The company arranged with a general agent well qualified in this field to represent American Southern almost exclusively. The company also got up a graphic automobile policy. It has expanded its general writings in fire and allied lines and in inland marine.

Climbing out of its financial hole was not a fast process, but gradually the pendulum swung over to the profit side early in 1954, and it has stayed there. A recent convention examination by Georgia and South Carolina produced only one criticism, that the company was slightly over-reserved.

The year 1954 was profitable and 1955 has been even better to date. The major problem this year has been fighting the constant and recurring rumor that the company is for sale. This seems to be inevitable when a company is doing well after a rough period. As a matter of fact, there have been many prospective buyers since the company was first reorganized, but

they are becoming more numerous and persistent.

But the company is not for sale, according to Mr. Thompson.

Comparing the Sept. 30, 1953, statement with that of June 30, 1955, unearned premium reserve is \$795,000 against \$103,000, assets are \$1,650,000 compared with \$630,000, and policyholders' surplus is \$711,000 compared with \$364,000.

## Panel Sessions Draw 500 to Ind. Regional Meetings

More than 500 agents attended regional meetings sponsored jointly by Indiana Fire Underwriters Assn. and Indiana Casualty & Surety Managers Assn. at New Albany, Fort Wayne, Evansville, Gary and Indianapolis.

The programs included panel discussions of dwelling policies and the new catastrophe loss plan set up by the IFUA.

Richard White of Hanover Fire moderated the panels at Fort Wayne and Gary; Don Kaga of American was moderator at New Albany and Evansville, and Edward P. Ressler of National Fire moderated the sessions at Indianapolis.

Panelists included M. R. Beal and William L. Fisher, both of Failing, Beal & Fisher general agency; Carl Adams and James E. Bledsoe, both of New York Underwriters; C. I. Eibling of American Surety; Ward Hackleman of American; John King of Great American; H. W. McCusker and J. L. Pickering, both of Royal-Liverpool; William Smead of Standard Accident; Roger E. Olsen of Continental; Terry Carpenter of Travelers, and George Wilder of Home.

## Publish WC Guide

A 12-page guide to employer responsibilities and procedures in connection with the workmen's compensation law in New York has been published by Commerce & Industry Assn. of New York. Entitled *Highlights of Workmen's Compensation in New York State*, the book is being distributed free to association members and is available at 25 cents to non-members.

## P.O. Asks Bond Bid

Post Office department has asked for bids on a blanket bond for all department employees, more than half a million. The bond would be effective Jan. 1 and would replace individual bonds employees have been purchasing themselves.

## Atlantic County Assn. Elects

New officers of Atlantic County (N.J.) Assn. of Insurance Agents are Clarence Kruetz of Pleasantville, president; Nicholas Cashan and George V. Wood of Hammonton, vice-president and secretary, respectively; and Lewis W. Bowker of Absecon, Alex Michel of Egg Harbor City, and Melvin Ripley of Mays Landing, executive committee members.

## Wis. Surety Men Elect Leissring

Surety Assn. of Wisconsin has elected William Leissring of Fireman's Fund president, Urban Krier of U.S.F.&G. vice-president and Paul W. Wolfgram of Standard Accident secretary.

R. L. Lynch & Co., Illinois insurance adjusters, has been incorporated. It was formerly owned and operated as Lynch Adjustment Co. by R. L. Lynch. The company has a home office at Springfield and branches at Alton, Decatur, East St. Louis, Jacksonville and Peoria.

Insurance Distaff Executives Assn. of Chicago will sponsor a benefit theater party Nov. 22 to raise funds for the convention of National Assn. of Insurance Women, which will be held in Chicago next June.

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MATCHLESS OPPORTUNITIES for Agents and Managers in 15 states

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Never underestimate the value of your Insurance Agent

You probably can't name off-hand the Company with whom you carry your fire, burglary and personal liability insurance. Less than 50% of us can! But you do know your local insurance agent and trust in his integrity and up-to-date knowledge to advise you on protective insurance and to place it with reliable companies.

You know your agent as an individual, respected member of your community whose counsel is valuable and whose assistance in the event of a claim is most important.\*

\* Two-color reprints of this advertisement without Company name are yours for the asking. Write us.

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INSURANCE COMPANY

25 MAPLE STREET, PAWTUCKET, RHODE ISLAND

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# INDIANA INSURANCE COMPANY

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FIRE  
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AUTOMOBILE

PLATE GLASS  
BURGLARY  
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Large enough to serve You;

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Courteous consideration to your problems.

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Full coverage Automobile Insurance  
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"An Indiana Multiple Line Company"

FIRE AND ALLIED LINES  
INLAND MARINE  
HOMEOWNERS

AUTOMOBILE  
CASUALTY  
FIDELITY AND SURETY  
ACCIDENT AND HEALTH

As of June 30, 1955

Admitted Assets	\$5,195,895
Capital	1,150,000
Policyholders Surplus	2,990,217

## Secured Insurance Company

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Agency Inquiries Welcomed



# 1,200 Attend Hoosier Agent's Rally

## E. D. Watson Elected Pres.; Gescheidler New State Director

### Auto Dealer Licensing Issue in Forefront at Indianapolis

By JOHN C. BURRIDGE

INDIANAPOLIS—The old-time Hoosier spirit prevailed at the annual convention of Indiana Assn. of Insurance agents this week. Due in large measure to the efforts of the agents, Motors Ins. Corp. has had to go to the courts to determine whether auto dealers can be licensed as insurance agents; the legislative session just concluded was favorable for the business; the year has been profitable, and the association members are taking cognizance of the strong position they occupy.

Harry McClain, the agents' peppery secretary, tossed aside the scolding lectures he has been driven to deliver in the last few years and told the membership there has been a reawakening



E. E. McLaren



H. J. Gescheidler

of the kind of performance that made the association such a power 10 to 12 years ago. At the business meeting discussion centered on doing things, and the ideas came from the floor without urging by the officers.

E. D. Watson of Vincennes was moved up from first vice-president to president, succeeding E. E. McLaren of Indianapolis who has served two terms and who now becomes chairman of the board. Dan Gibson of Plymouth was elected first vice-president; Robert Estlick of Columbia City is second vice-president, and George W. Mahoney of Indianapolis was named to his 16th term as secretary-treasurer.

Linn S. Kidd of Brazil, who has been state national director for seven years and before that was president for two terms and then was board chairman, asked to be relieved of office, and Howard J. Gescheidler, Jr. of Hammond, was elected to replace him. Mr. Kidd was given resounding applause when the announcement was made.

Mr. Gescheidler is a past president and last year was board chairman.

Registration at Indianapolis was about 1,200, down from last year. The decrease was due primarily to the fact that 92 fewer field men attended the 1955 meeting, and this development met with no happy reaction on the part of Mr. McClain, who implied there has been some desertion of the cause. A meeting the size of the Indiana convention, however, hardly slows down in action and enthusiasm for the dif-

(CONTINUED ON PAGE 44)

## Ind. Rural and Small Lines Agents Emphasize Farm and U&O Sales

By B. P. McMACKIN Jr.

INDIANAPOLIS—There was considerable excellence about the rural and small lines agents session, the traditional preliminary to the annual convention of Indiana Assn. of Insurance Agents. Two lines which are often the subject of frankly "missionary" efforts—business interruption and farm fire—got treatment which seemed almost certain to show positive sales results among agent members of the audience.

Two Indiana agents—R. B. Estlick and Keith Dowell, both of Columbia City—demonstrated how to get farm business. Business interruption selling was handled by R. B. Maxwell, New York Underwriters, Chicago. The program which was under the direction of R. L. Strayer Jr., chairman of the rural and small lines agents committee, also included talks on fidelity bond production and public liability coverages. F. C. Ayres, assistant vice-president of U.S.F.&G., discussed fidelity and liability was covered by H. G. Mildrum, assistant secretary of Hartford Acci-

Prefacing a skit on the sale of farm insurance Mr. Estlick pointed out that the average agent has left this line pretty much alone, either because he regards it as a specialized and complicated field or because he doesn't feel he can compete with county farm mutuals. With competitive pressure on all sides, he said, the agent should not neglect this source of business. What is more, he need not fear it as too specialized—it is not—and, as the skit subsequently demonstrated, stock company farm forms and rates are decidedly competitive with even the cheapest of the county mutuals' rates, if the agent makes his points skillfully and honestly.

Mr. Dowell played the farmer upon whom Mr. Estlick made a strictly cold canvass call. In the course of the interview, Mr. Dowell raised virtually all of the known objections and Mr. Estlick supplied the competitive answers. The "I don't pay too much attention to insurance," objection was met with, "You're too busy doing a good job farming. Let me show you so you won't have to worry." "I've always been insured in this company." "You are not being asked to make a change. It's just that you should have some information upon which to base a decision. The time of both of us is valuable, but this is important to both of us." "I thought all insurance is about the same." "Most people do. Yet, isn't your present policy in the county farm mutual just about the same as the one you bought in 1930 when you and Mrs. Dowell bought the farm? Some farmers are trying to farm the same way they did in 1930, but, as you've pointed out, 1955 farming is a far cry from that. Yet, some insurance companies, like some farmers, are still applying 1930 methods to 1955 conditions."

"Farmer" Dowell then raised the objection that the modern insurance described by Mr. Estlick was bound to cost a lot more money. Countering this in a positive way, the agent took the farmer's existing coverage and computed an average rate. This came

within 4½ cents of the rate for the stock companies 12 perils in place of four, and Mr. Estlick reemphasized the advantages of his form over the antiquated form of the competition. This gave him an opportunity to point out that his companies make a science of rating, while the competition uses somewhat less precise measurement.

Then the "farmer" pointed out that his county mutual's price came down with favorable experience. All well and good, but it is also important that there is no ceiling on the assessment mutual. "Do you have a mortgage on the farm?" "No." "Well, with an assessment mutual writing your business, you have a contingent mortgage."

Finally, before authorizing the agent to take over his business—as was to be expected—the farmer put in a complaint about not being able to carry a lesser amount of wind coverage than fire. To dispose of this, Mr. Estlick pointed out that county mutuals were not unaware of the fact that a total fire loss on relatively dispersed farm buildings is less likely than a total wind-storm loss. By permitting the insured to buy less insurance against wind damage, he said, these organizations are really protecting themselves. Thus, the companies using modern forms, with an equal amount of wind coverage required are really serving the best interests of the insured.

Mr. Maxwell debunked, with measurable success, judging by the reaction of his audience, the idea that the principal deterrent to business interruption sales is complicated language. More accurately, he agreed that most agents make a sale too complicated, but this is entirely unnecessary. A little preliminary work will make it possible for the agent to arrive at a pretty close estimate of the size of premium about which he is going to talk.

The killing moment in a UEP sales presentation, Mr. Maxwell said, is the time when the prospect says, "ok, how much is it going to cost me?" Then, he said, out comes a worksheet of immense and forbidding length and the even more formidable requirement that the prospective client get out his books for the agents perusal.

It is morally certain, Mr. Maxwell said, that 6 of 10 businessmen who are presented with the facts of U&O will buy, but the agent has got to go in with a ready answer to the "how much is it going to cost?" question.

To be ready with a close premium estimate for the prospect, Mr. Maxwell had several suggestions. It is possible, with a little imagination, he said, to deduce the gross earnings of a firm. Suppose the agency has the workmen's compensation line of the establishment. It is possible to learn the average relationship of payroll to volume. From this, the agent can easily figure the latter. One source of useful information is a booklet called *Expenses in Retail Business*, published by National Cash Register. Estimating the turnover of a business is not difficult, he said, and, if all else fails, the insurance man can almost always figure on good results with a gross figure which underesti-

(CONTINUED ON PAGE 43)

## Ind. Agents Prepare for Another Round on Licensing Issue

### Resolutions on Credit Insurance Work Start of New Campaign

INDIANAPOLIS—Resolutions adopted at the annual convention of Indiana Assn. of Insurance Agents commending political leaders who have led the investigation of credit insurance mark



Glenn May

the opening of a new campaign by the agents to strengthen the state agency qualification laws. Nothing that the public should be protected against the "evils inherent" in all tie-in sales, the resolutions praise the lieutenant governor and the speaker of the house for their efforts toward elimination of "the obnoxious practices" of tie-in sales of credit life and credit A&H insurance in connection with small loans and pledge association support in opposition to all such sales.

The agency qualification committee, of which Glenn J. May of Spencer is chairman, gave birth to the carefully worded resolutions. Originally, the committee had in mind jumping right into the fight by adding the tie-in of auto physical damage insurance with auto sales to the credit issue, but it was decided, after a thorough talking-over of the matter, to approach the auto dealer problem more cautiously and with more preparation.

After sessions lasting from 10 a.m. until nearly 4 p.m., the committee worked out a tentative plan of action designed to abolish tie-in sales, set up an efficient licensing system under the present laws, and eliminate the agent whose primary concern is controlled business.

The committee by no means began with any well defined program.

For some years the association agents have been dissatisfied with the licensing situation. About four years ago they attempted to have the rules rewritten without success. Recent events in the state, however, have offered an opening for a fresh attack on the problem. There has been the refusal by outgoing Commissioner Harry Wells to license auto dealers and a series of articles in a leading Indianapolis newspaper "exposing" credit life and credit A&H insurance.

All the committee members agreed these two developments offer the fire and casualty agents a chance to get their own issues out in the open. First they can furnish a good deal of publicity matter and argument on the score of unlicensed sale of insurance by auto dealers, and they can combine this with the credit insurance issue as illustrating the need for strong agency

(CONTINUED ON PAGE 44)

## THE ILLINOIS NATIONAL CASUALTY CO. 133 SOUTH FOURTH STREET SPRINGFIELD, ILLINOIS

Congratulates  
THE INDIANA ASSOCIATION OF INSURANCE AGENTS  
on another excellent Convention

Large Enough to Serve You  
Small Enough to Know You

A Capital Stock Insurance Company Operating  
in Illinois, Indiana, Ohio, Iowa and Kentucky

Automobile

General Liability

Workmen's Compensation

Burglary

In a few days the  
Wabash F & C will be two  
years old. Indiana agents  
have been the solid founda-  
tion on which we have been  
able to build our success-  
ful operation. We are  
grateful and appreciate the  
opportunity to say "thank  
you".

*Henry F. Schriker,*  
President

## WABASH FIRE AND CASUALTY INSURANCE COMPANY

1622 North Meridian Street

Indianapolis 6, Indiana

## Tells How to Get Industry Accounts from Competition

The old-fashioned idea still exists in some places that insurance commissions are a form of gratuity for favors rendered, Archie M. Slawsby of Nashua, N.H., member of the NAIA executive committee, told the annual convention of Indiana Assn. of Insurance Agents in Indianapolis.

The agent always devotes himself to learning more and more about customer needs, and constantly is conceiving new ways of protection and professional service.

Direct writer mutuals are solidly entrenched in his part of the country in the industrial field, he said, and a great deal of effort by the agent is necessary if he wants to compete for this business.

When his agency goes after a new industrial account, he said, it surveys the entire picture, tries to learn the prospect's account, lawyer and advertising agency. It establishes, if possible, the names of suppliers, tries to evaluate the prospective firm's dependency on certain customers and gets the names of his competitors. The agency probably has entree to one or more of these sources of supply or services. The agency cultivates these sources to determine from their knowledge of the prospect his insurance disappointments in the way of service, loss adjustment, cost or uninsured loss.

Occasionally one of these sources drops a hint which focuses the agency's attention on the risk. His agency no longer has time for cold solicitations as such, he said. He outlined the methods by which some of his newly acquired accounts have been added to the books, particularly a large client formerly insured by a reciprocal.

He said he spends almost as much time on the mutual's manuals as he does those of stock company bureaus, to learn the points on which he is defending his business against the mutuals or carrying the war to them.

John E. Messick Sr., head of Foster & Messick of Indianapolis and vice-president of U.S.F.&G., was made a Kentucky colonel during the Indiana convention. He was presented his certificate by John Diggs, vice-president at Louisville of U.S.F.&G.

Wabash Fire & Casualty headquarters were manned by President Henry F. Schriker; Edward McMahon, assistant secretary-treasurer; Special Agents Paul Woods, Francis X. Riley and Thomas A. Harris, and Millard Wenger, supervisor of the underwriting department; Donald Pedigo and Harry Miller, underwriters; and Cornelius Jamison, claim manager and R. T. Brown, newly appointed manager of the workmen's compensation department.

A popular convention visitor was Frank MacGibeny of MacGibeny-Grupe agency of Chicago, who has become known for the novelties he distributes. Mr. MacGibeny has attended all of the state agent conventions in the midwest this fall.

Glen J. May of Spencer acted as chairman of the resolutions committee, and Simpson Stoner of Greencastle was head of the nominating committee.

President McLaren appointed three of the program speakers as judges of the trophy contests. They were F. C. Ayres of U.S.F.&G.; Henry G. Mildrum of Hartford Accident, and Robert B. Maxwell of New York Underwriters.

At Security headquarters, hospitality was under the supervision of J. E. Heinz, president, who was assisted by H. E. Thomas, secretary; Henry Moffett, agency director; John Montgomery, James Bridges, Robert Allen, Chuck Swinford and Robert Young, field representatives.

Indiana Insurance Company was represented by Parke A. Cooling, president; R. W. Mumford, vice-president; W. P. Cooling, secretary; G. E. Newhouse, superintendent of agents; C. W. Barger, A. H. Behrens, E. B. Brown, Max Brunn, J. P. Kaiser, Glenn Downey, Don Kinney, Don Lipp, Richard Miller, R. W. Mumford Jr., and R. E. Myers, field representatives.

At Michigan Surety headquarters were J. E. Scudder, manager, and R. E. Bell, field representative.

## O'Connell Asks for Increase in Company Advertising Budgets

"An untapped reservoir of \$10 million could be made available for advertising the American agency system," Arthur C. O'Connell, NAIA executive committee member, said in an address at the Indiana convention.

"This sum rests in the treasuries of those many companies which are supported by the agency system, but who have yet to recognize the value of this competitive weapon," Mr. O'Connell said. "These companies are allowing a relatively few of their number to assume this entire task of publicizing the value of the agency system and its superiority over the direct writer's method of insurance distribution."

Mr. O'Connell cautioned the agents against using undue pressure on reluctant companies, suggesting instead that consistent persuasion be directed against top management.

Referring to a survey made by J. W. Mason, a Hartford, Conn., advertising executive, Mr. O'Connell said that the dozen or so companies which have consistently advertised, have become leaders in practically all phases of the industry. This reason alone, he said, should convince the "reluctants" that each dollar spent in this manner is returned with manifold interest.

"Our direct writing competitors," Mr. O'Connell said, "have doubled, tripled and quadrupled their advertising appropriations during the last half dozen years and last year, spent nearly \$5 million in this fashion. They say, both publicly and privately, that saturation advertising, more than price, is responsible for their rapid growth and independent agency opinion is coming more and more to the point of sharing this belief. The American public feels that anything heavily advertised is fundamentally good."

Mr. O'Connell praised several companies for their increasing practice of devoting advertising copy to the quality and character of their agents and the agency system. He said that agents are leaning more and more to belief that local advertising is more effective than national. They appreciate national recognition but believe that an ad which features them by name, even though the space is shared with others, is preferable to their inclusion in the general term "agent," a designation shared by all who are licensed to represent any type of company.

He cited the current experiment of the Fire Association of Philadelphia, as an example. In this experiment, the company purchases full page newspaper ads to supplement an agency sales campaign and features its own agents and exacts a promise from the agents that an intensive mail, telephone and personal visit campaign will be undertaken. He said that company officials were delighted with the results thus far, not alone for the business produced but because of the new agents who agreed to represent the company so as to be included in the advertising campaign.

Mr. O'Connell, who is a member of the NAIA public relations committee headed by John Stott, past president of the NAIA, said that "lazy agents" who don't believe in advertising, or who say they have all the business they can handle, are the committee's biggest problem.



## Local Board Dinner Turns into a Hoosier Pep Rally

INDIANAPOLIS—The spirit of aggressiveness that marked the morning committee meetings was carried to a high pitch at the dinner for local board officers during the first evening of the annual convention of Indiana Assn. of Insurance Agents here. At the normal, and expected hour of departure, following all the formalities, the idea was advanced by Earl W. Killingbeck of Kokomo that the Indiana agents take a leaf from the books of the mutuals and direct writers and give their auto insured a reflective bumper symbol advertising independent agent stock company insurance. Nearly every one of the 75 or so persons in the room indicated favor for this or a closely similar idea.

Mr. Killingbeck said after last year's meeting he didn't expect to have a chance to come to another association gathering. Twelve months ago, there was an air of gloom and defeatism; but agents have since discovered they are still making money, the companies are making money, and they have found the best attitude is to look to the future optimistically. The thing to do now, he indicated, is to find ways of showing the public how alive the agency system is.

The idea of using a bumper advertising device, or something close to it, was referred to the incoming officers for action, and the discussion of the motion to do this demonstrated that the agents want some action and as promptly as possible. The group showed no tendency to wait for the national association to come up with a national plan—if it does so soon, fine, but the Hoosiers are not in a waiting frame of mind.

General Accident and Potomac were hosts for the dinner, which technically was in honor of retiring president E.E. McLaren of Indianapolis, who is completing his second term. The company was represented by John Orr, deputy U. S. manager, and Harry F. VonBerg, Indiana manager. Mr. Orr, as host, spoke for 15 seconds, saying his company was pleased to be hosts to a dinner honoring Mr. McLaren. In response, Mr. McLaren said his agency has just marked 50 years of representation of General Accident, and the 50 years of business relationship are more significant to him than the 50

years his agency has been business.

The affair was presided over jointly by Mr. McLaren Jr. and Harry McClain, the volatile secretary of the Indiana association. Mr. McClain explained that the formal speaker was to have been Joseph H. Bishop Jr., secretary of the Cleveland board, but Mr. Bishop was unable to attend. As a substitute, Mr. McClain had the committee chairmen give synopses of their meetings that morning.

Dan Gibson of Plymouth, reporting on the education meeting, said his committee is urging local boards to take the opportunity of contacting schools during vocational guidance week to have the agency phase of insurance represented.

H. J. Gescheidler Jr. of Hammond, chairman of the fire committee, told the agents they have an outlet, through his committee, of getting their ideas transmitted to the companies. The committee chairman attends the conference at Chicago conducted by Western Actuarial Bureau at which midwest agents have a chance to talk turkey with the company managers.

Linn S. Kidd, Brazil, said the legislative committee had one of its most successful meetings in history. There was enthusiasm and interest in agents' problems and ways and means of tackling them.

Reports were given also by Ray H. Kenady, South Bend, on membership and Glen J. May, Spencer, on agency qualification.

### Farm, U&O Sales Discussed by Ind. Small Lines Agents

(CONTINUED FROM PAGE 41)

mates the prospects actual earnings and causes him to whip out the actual figures.

Mr. Maxwell also suggested that the insurance man use as standard equipment of visual material of U&O and a good testimonial letter from an insured who has suffered a covered loss is good too. The speaker passed around copies of a graphic device he has worked out for the purpose of estimating U&O premium for a particular prospect.

Mr. Ayres carried out the announced purpose of the session "accentuating the positive" with a plea that insurance men get after the estimated 90% of employers who do not carry any sort of fidelity protection. A sour note in the currently rosy economic picture, he noted, is that white collar workers are not doing too well. What are these employees to do if hard-pressed? They can retrench, go into debt through legitimate borrowing or steal from their employers.

There is no such thing as an untrusted employee, he said. And this should answer the objection that the employer has only trusted people. He cited a case in which a lady employed for 17 years turned to playing the horses and soon cleaned the company out of \$42,000, using checks other company officials had considerably countersigned in blank.

It is offered by many employees that they have a limited exposure to infidelity since few employees handle cash. The fact is that the businessman's stock in trade is often a more attractive object than cash, Mr. Ayres said. Take two Baltimore porters who recently stole 72 molds used by a plastics manufacturer. These had a value of around \$29,000 and were sold for junk at \$250.

A supposedly devastating argument against fidelity coverage is a superior system of internal control. This is no

help at all, Mr. Ayres pointed out, against "one-shot" losses such as a \$6,000 fund picked up by an employee of a shipping firm who never showed Joseph H. Bishop Jr., secretary of the up again.

A major problem in fidelity protection is underinsurance, Mr. Ayres said, both as to amount and employees. What may have been sufficient coverage five years ago may be totally inadequate today. Surety Assn. of America has been working on a schedule of mercantile fidelity bond suggested minimum amounts similar to those published for bankers by American Bankers Assn. In his own company, Mr. Ayres said, underwriting indicates primary commercial blanket bonds should be written for at least \$10,000, with no ceiling. Blanket position bonds should range from a minimum of \$2,500 to a top of \$100,000.

Mr. Mildrum gave a thorough discussion of the basics of liability insurance, with emphasis upon its importance to the small business man. He discussed premises and operations, contractual, product and completed operations exposures and coverages, showing how these can be covered by the new standard provisions contracts. He offered the sales-worthy point that worries over liability exposures, defense costs, investigation and study of agreements which might involve sweeping hold-harmless provisions take a proprietor's mind away from his own business and that this need not be if the businessman will rely upon the advice of a good insurance man.

## Chris Zoercher Feted at Ind. Association Meeting by Hammond National

INDIANAPOLIS—Chris Zoercher of Tell City, a past president of the Indiana association, who celebrated his 77th birthday Tuesday, received special recognition from some of his old friends at a reception sponsored by the Hammond National Co., with Howard J. Gescheidler Sr. and Howard Gescheidler Jr. as principal hosts.

Mr. Zoercher is a past president of Indiana Assn. of Insurance Agents, but his chief distinction is the undisputed acknowledgment he holds as the "finest insurance man in the state."

Howard Gescheidler Sr. introduced four of Mr. Zoercher's friends, each of whom spoke briefly in praise of Mr. Zoercher and his contributions to the business and to his community. They were John Messick Sr., of Foster & Messick and vice-president of U.S.F. & G.; Hobbs Miller of Seymour, a past president of the Indiana association; A. J. Edwards, Indiana manager of The National Underwriter Co., and Joseph Boutaugh, who is with Aetna Casualty at Indianapolis.

Mr. Zoercher's friends were warm in their felicitations. His position as the dean of the business in the state rests, without contention, on his record equally as much as his age.

The Hammond National party is a traditional event of the Indiana meeting, but it took on a significant aspect this year with the tribute to Mr. Zoercher.

## MERCHANTS PROPERTY INSURANCE COMPANY

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GREETINGS TO THE

INDIANA ASS'N. OF INSURANCE AGENTS

57TH ANNUAL MEETING

VERNON INSURANCE CO'S

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## W. P. RAY & CO., INC.

State and General Agents

Fire, Automobile, Marine — Through Agents Only.

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## GREETINGS!! INDIANA AGENTS

Complete Insurance Facilities  
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STATE AGENTS

American Casualty Company  
American Aviation & General Ins. Co.  
Standard Fire of New Jersey  
945 Illinois Building, Indianapolis, Indiana

## Auto Dealer Licensing Issue at Indianapolis

(CONTINUED FROM PAGE 41)

ference of 100 people one way or the other, and there was no lack of entertainment hospitality and activity after hours.

President McLaren reported at the business session that the directors feel the trend on the part of companies to set up subsidiaries to sell insurance at lower rates and by methods not in line with established procedure is a serious one. The directors feel it is not good to limit the agent's service. There should be no compromise on this point, he warned.

Reviewing the auto dealer licensing situation, Mr. McClain said the beginning was early September when the agents got word that Motors was going to go all out and have all dealers licensed. There followed a meeting of agents at Indianapolis at which those attending were asked to get local support for a campaign of letters to Commissioner Wells protesting such licensing. The response, Mr. McClain declared, was of the kind that makes for a potent organization. The work of the agents, he averred, is one of the chief reasons the commissioner ruled as he did. Motors has taken the matter to court, asking for a mandatory injunction.

There is nothing more the agents can do now. It is, in fact, in their best interests to be on the sidelines while the attorney general handles the department defense. Until a decision is handed down, the department is accepting dealer applications and giving them examinations, but not issuing licenses. More than 300 dealers have taken the exam in the last few months, Mr. McClain said, and only eight have failed to pass. This bit of information produced murmurs of astonishment.

The opening session was, as per custom, a luncheon Monday in charge of the rural and small lines agents committee, presided over by Ray L. Strayer, Sr. of Warsaw, who has handled this part of the meeting for a number of years. That evening the local board officers attended a dinner given by General Accident in honor of Mr. McLaren as retiring president.

Mr. McLaren was in charge of the first official session Tuesday morning. This meeting, as are all the Indiana meetings, drew a packed audience which stayed for the last word. Mr. McClain sees to this by setting up a lively program, insuring his judgment

by awarding prizes at the end of the session to those who deposited proof of their attendance with the sergeants-at-arms at the specified time for the meeting to begin.

Speakers Tuesday morning were Archie M. Slawsky of Nashua, N.H., a member of the executive committee of NAIA, who talked on meeting direct writer competition and Paul Swarm, local agent of Decatur, Ill.

The new Indiana Commissioner, William J. Davey, made his first platform appearance at the Tuesday morning session of the annual meeting of Indiana Assn. of Insurance Agents, and the effect was to enhance the already good opinion the agents have of him.

Mr. Davey's remarks were brief and to the point. He said the American agency system is as basic and deep rooted as America itself. His department, Mr. Davey said, will be working toward stabilization of the business in Indiana.

Mr. Davey starts in office with the heartfelt backing of the industry. He has a good record of public service. His manner and attitude are firm, and he is convincing in his approach to the problems of the business. Although he spoke not much more than a minute Tuesday morning, the unanimous opinion was that he had said all he needed to say to prove his point.

Mr. Swarm's talk was a first class offering of sales ideas. His agency won the insurance advertising conference grand award in 1954, and he described some of the items that contributed to this success. He suggested the agents can learn from their competition. For example, it is wasteful for the agent, the highest priced man in the organization, to be doing work he can have done by less expensive help. Hire all the help possible, he advised his audience, "and get out yourself and sell."

Mr. Swarm said an agent can benefit himself by activity in community affairs. He should let his customers know he has a stable business establishment, celebrate his anniversaries and take advantage of changes in policies or of claims to sell more and better coverage. He stressed service, mentioning helping an insured collect a property damage claim from another company. However, he noted, the customer should be appraised that such service is something beyond the contract and is the extra that comes with dealing with a good independent agent.

The real competition, he remarked, isn't the man across the street, but the agent himself of a year ago. To emphasize this point he had Mr. McLaren blow up a balloon (time, 10 seconds,) and then blow up another under the pressure of trying to beat his first achievement. The second took only six seconds and was bigger. This demonstrates, Mr. Swarm said, the effect of better organization and more effort. A little of this each year can mean the success of an agency.

Mr. McLaren's presidential address was devoted to a review of the events of the last year. He touched on the competitive situation, saying the efforts to license unqualified persons as agents was more strenuous than it has been for some time.

The 1955 legislature passed two bills beneficial to the agents, an anti-coercion bill on personal property and an excess lines law.

Within the association, Mr. McLaren noted there has been an enlivened spirit of cooperation among the agents. Local boards have stepped up their ad-

vertising programs. The association finished the year in the black despite the elimination of the special assessment which reduced each member's dues 12 1/2%.

David Gray, assistant to the vice-president of AFCA, opened the Tuesday afternoon session, describing what his premium finance company has to offer. Louis Hawley of Newhouse & Hawley of Chicago talked on Lloyds and the new Indiana surplus line law.

After an interesting description of how Lloyds operates, Mr. Hawley commented that under the new law the Indiana agents are in a position, using Lloyds facilities, to provide excess limits for all types of casualty risks; in the fire field, using a warranty company, they can offer additional coverage for which the domestic market may not have capacity. He outlined the provisions of the new law, remarking that it can make available a host of coverages not readily to be had in the U.S.

At the business meeting Howard Geschiedler, Jr., reported briefly on the work of the midwest territorial conference committee that meets each year with the company managers at Chicago. George Mahoney, in his treasurer's report, noted the association is in excellent financial condition.

Wednesday morning the speakers were Charles H. Bokman, resident vice-president of New Amsterdam Casualty at Pittsburgh, on "What Has Become of Salesmanship?"; Robert W. Osler, vice-president of Rough Notes Co. on "Is the American Agency System On the Ropes?"; and Arthur M. O'Connell, Cincinnati, a member of the NAIA executive committee, on "De-bunking Public Relations."

The convention was concluded with a luncheon featuring a talk by Fred Smith, consultant to the Gruen Watch Co.

## Ind. Agents Approve Credit Insurance Investigation

(CONTINUED FROM PAGE 41)

qualification laws and strict enforcement of them.

John C. Lance of Indianapolis, pointing out that the life agents have newspaper support in their agitation against credit insurance, said the fire and casualty agents have a similar opportunity with auto dealers. The dealers constitute a "tremendous problem" in Indianapolis, he said. In the large dealerships one man may have a license, but every salesman is selling insurance. The dealers in the last few years have come to realize the potentials of insurance and more and more of them have been getting licensed. He suggested that the agents "raise hell," remarking they have everything to gain and nothing to lose by so doing.

It would be a shock to most agents to learn how many people in Indiana have agent licenses, Mr. May declared. Because licenses have been easy to get. They are held by an astonishing number of salesmen and dealers who have no active interest in the insurance business. He added that there are enough insurance men, or insurance conscious men, in the legislature now to make it seem simple to get a qualification bill passed but experience has proven it isn't that easy.

Taking up Mr. Lance's suggestion, Fred Hitchcock of Bloomington said every time an agent comes across an irregularity a whole delegation of agents should go to the commissioner

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### FIRE UNDERWRITER

One of larger national multiple line stock insurance companies is looking for a man with previous fire underwriting experience. Salary commensurate with ability and experience; liberal benefits; relocate Northern Illinois. Write Box #J-7, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill., stating experience, qualifications and salary desired. Our employees know of this ad.

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Manager to assume the operation of a General Insurance Agency in Flint, Michigan. Salary and Bonus. Send snapshot, personal history, education and experience. Address Box J-11, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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Claim Manager or Supervisor, 40 years old. Sixteen years experience Fire, Casualty and Inland Marine. Present managerial position ten years. Desire change for greater opportunity. Address Box J-15, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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Experienced Multiple Line State Agent available. Desire like position \$7,200. Age 38, married, sober; qualified, aggressive and industrious. Write Box J-12, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### WANTED

Experienced Home Office Claims Examiner for auto casualty. Prefer Northeast or Midwest background. Reply in confidence to Box J-17, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### AGENCY WANTED

Wish to consider purchasing agency with annual net gross of about \$25,000. Prefer location in mid-west town of 10,000 or above. Am married with two children and have 10 years insurance experience. Address Box J-16, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### INSURANCE EXECUTIVE

Growing Company needs man with experience and/or training in Auto insurance and/or auto finance field. Must be free to travel and ultimately assume managerial responsibility. Salary open. Write Box J-20, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### FIELD MAN ALABAMA & GEORGIA

Large Multiple-Line Mutual Agency Company requires experienced field man, age 30-40, for Alabama and Georgia. State age, qualifications, references and salary desired. Reply to Box J-14 c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### SPECIAL AGENT

Young man experienced in fire and marine lines with following among Wisconsin agents. Reply giving qualifications, references and starting salary desired to Box J-18, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### QUALIFIED INLAND MARINE MAN

Ten years experience in underwriting, production and management both as company man and agent available for top position with an aggressive growing company. College graduate, presently employed. Please furnish complete details. Box J-21, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### FIELD SUPERVISOR WANTED Middle Atlantic States

25-35 years of age. Splendid opportunity, liberal salary and employee benefits. SWIGART ASSOCIATES, Inc., Insurance Building, Huntingdon, Pennsylvania.



and make an issue of it. They should be a thorn in the side of the problem.

The eagerness of the agents to get into the battle then started in earnest. Mr. Lance telephoned one of the prominent life insurance men who has been working on the credit insurance problem, and Mr. May made arrangements to visit the insurance department and bring back information for an afternoon session. The life man responded promptly; he gave information over the telephone to Mr. Lance that was sufficient to liven interest still further until he could come over personally.

Only within the last few days, the Indiana department has ruled that the special licenses for credit life and credit A&H will not be renewed, the committee was told. The department explained that there is no provision in the law for such licenses, which have been stamped "credit insurance only." From the experience of the life people, the agents learned how the credit insurance issue was brought into the open and has become a hot political subject in Indiana. Household Finance, which has a long record of opposing the sale of credit insurance by loan companies, is backing the life agents 100%. The Indiana law says a corporation cannot sell life insurance or receive commissions from such sale, directly or indirectly. However, it was charged, this is exactly what the small loan companies are doing. As things now stand, an uninsurable man can get life insurance, called "credit life insurance," simply on a commitment for a loan; in fact he can go around getting a number of commitments and pile up a sizeable life insurance estate. Indiana Assn. of Life Underwriters has brought this whole thing to a head and has strong hopes that either new laws will be passed or existing laws will be enforced to the point where abuses will no longer be possible.

Meeting again after lunch, the committee approved resolutions to be sent to the lieutenant governor, the speaker of the house, the newspaper writer of the Star who has publicized the credit insurance investigation, and to the governor and Commissioner Davey. The first three commend action taken thus far, and the last two urge continued support of the activity. As offered originally, the resolutions would have added auto dealers to the issue, but after some words of caution from E. E. McLaren, Indianapolis association president, it was decided to stick to one thing at a time.

Mr. McLaren, noting that Motors Ins. Corp. is the main concern, pointed out that the company is stopped now by the order of former Commissioner Wells, and the wisest thing to do would be to await the outcome of the lawsuit pending in that action.

In order to make the planning developed continuous, the committee is recommending the same personnel be appointed for another year.

The committee will function more closely with the legislative committee in the future by reason of another resolution adopted at the business meeting which would have a subcommittee of the legislative committee act as members of the agency qualification committee. Meetings will be held with members of the insurance department and with the political leaders.

It was concluded there are enough laws now on the books to make for acceptable qualification standards, but there is need to have better and more uniform enforcement of them.

## Auto Competition and State Legislation Highlight Talks at San Antonio 1-Day

Auto competition, workmen's compensation, new developments in dwelling policies and Texas insurance legislation formed the framework for discussion at the Insurance Day sponsored by San Antonio Insurance Exchange.

More than 150 agents and guests attended the day-long session, which was under the direction of Howard Sacks, program chairman.

Thomas R. Chatfield, 2nd vice-president of Loyalty group, Dallas, said only through the refinement of automobile rates can the stock company agent meet the competition of mutual agents and direct writers.

Mr. Chatfield said the refinement of automobile rates will give the public the most equitable rates and let each type of risk rest upon its own record instead of being subsidized by others. He emphasized that it is unfair to place the young driver in the assigned risk group when he is willing to pay for the risk.

"Workmen's Compensation and General Liability" were treated by E. D. Goza, casualty superintendent for U.S.F.&G., Houston who said the policies are designed to give the employer protection against all situations which may arise, other than in agriculture. He called attention to the changes in eligibility of a risk for experience rating and advised agents to write policies so they expire on the rating date.

Mr. Goza said it is often difficult to determine whether an assured is an independent contractor and cited an example of a trucker who acted under the direction of another and was killed with the result that the company which carried the coverage of the one directing had to pay for the death of the trucker because he had been acting under the direction of an insured. He said the major owner may be insured as a legal entity and suggested use of an endorsement to cover the situation.

Porter Ellis, president of Texas Assn. of Insurance Agents, said dwelling rates are on the threshold of a new plan which he expects will develop along the line of changes in automobile insurance rating.

Mr. Ellis said a study of Texas experience shows that the low cost dwellings have a more unfavorable loss ratio, and that the substantial difference in dwelling loss ratios is the reason for much deviation rate filing. He said records show that dwellings valued from \$1,000 to \$5,000 show a loss ratio of 116%; \$5,000 to \$10,000 show a loss ratio of 31%, and dwellings valued at \$10,000 and up show a 24% loss ratio.

This experience study, Mr. Ellis said, shows that the companies which have been restricting their writings to dwellings valued at \$5,000 and up have been making unreasonable profits. The extended coverage experience for a period of 10 to 15 years shows a lower loss ratio than fire and these losses are by group the same, he said.

Mr. Ellis said the Texas association submitted a graded rate plan in August to the Board of Commissioners which is under consideration. He said some opposition from members is to be expected on the adoption of the association plan, but that the value of the plan can be substantiated. He declared that there is a critical situation with regard to dwelling insurance, expressing the opinion that when there is an inequity in any line of insurance coverage that the specialists will profit. He

viewed the present situation as a mild rate war which demands the elimination of the redundancies in dwelling coverages.

J. Byron Saunders, Texas casualty commissioner, reviewed legislative developments in Texas. He said that while it is now more difficult to meet the requirements for capital and reserve in the organization of an insurance company he does not consider Texas out of the woods. He said legislation which requires that a company have a reasonable amount of insurance in force will eliminate the use of insurance company organization as a tax shelter and there will be companies merging, some companies failing and others succeeding.

Mr. Saunders praised the new legislation but said no matter how fine the code may be its effects must come from enforcement of the law through the public support of those responsible as well as through a sincere effort on the part of officials.

Tom E. Eagleston, vice-president of Frank Rimmer & Co., Dallas, said there are many misconceptions in the mind of the average agent concerning marine insurance. He said a knowledge of the new nationwide definition and its application will enable the agent to provide better coverage and get more business.

Delos Finch Jr. of Lloyd Caldwell Claims Corp., San Antonio, presented a humorous discussion of claim adjusting.

C. A. Hutto, San Antonio manager of the GAB, said the all physical loss form now 10 months old has not proved to be the bugaboo which it was prophesied to be. He said that in two or three years the agents and the assureds will be as well acquainted with it as they are with the other forms. He said that in adjusting 100 losses, amounting in

each case to \$500 or less, he has found it a goodwill builder since the claimants are pleased with the results.

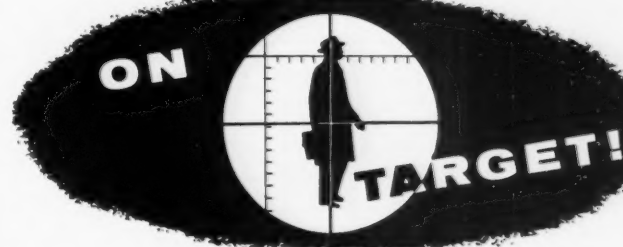
Marshall O. Bell, a member of the Texas house of representatives insurance committee, paid tribute to the Board of Commissioners for their cooperation with the legislature. He also described the long hours required of members of the committees and subcommittees in studying the numerous insurance measures introduced and paid tribute to his associates. Mr. Bell pointed to the importance of insurance company loans in the development of Texas, but said it was more important to have sound operations safeguarded by frequent examination of new companies.

## Diemand Says UM Unpractical in Pa.

President John A. Diemand of North America has written a letter to company employees stating that the ideas advanced by Pennsylvania Gov. Leader in announcing a survey of automobile insurance and urging uninsured motorist coverage for Pennsylvania are "misleading and reflect unfairly upon the performance of insurance companies and upon the intelligence of the citizens of Pennsylvania."

Mr. Diemand said in the letter that the UM cover as provided in New York, which North America writes there, cannot be provided in Pennsylvania because of that state's "poor performance in enforcement of its financial responsibility law."

"Until Pennsylvania increases the percentage of insured motorists to the high level (about 96%) it has reached in New York, it is idle and misleading to the public to talk about coverages and rates which are bound to be impractical and in all likelihood unpopular with insured motorists because of the high premiums required," the letter stated.



Sales are moving targets that won't stand still. "On Target" today—"Off Target" tomorrow. To sell and keep selling, you have to keep prospects within range.

Don't fall into the error of thinking your market is relatively stable. Here are the facts: Over 36 million people will move from one city to another this year; 70% of all families move from one town to another at least once every 10 years. Or to pinpoint one entire industry, a three year study revealed that 56% of all companies placed new men in one or more top positions.



**ANCHOR**

**CASUALTY**  
**COMPANY**

ST. PAUL 4, MINNESOTA

**MULTIPLE LINE FACILITIES**  
Workmen's Compensation  
Automobile—Misc. Gen.  
Liability—Allied Lines  
Burglary—Plate Glass  
Fire & Allied Lines  
Fidelity & Surety  
Inland Marine

Promotions, deaths, retirements and transfers keep today's buying targets on the move. So when making your plans, remember: At any time, perhaps 25% of your potential customers never heard of you before.

Look to Anchor as a company who can help you stay "On Target"—keep pace in 1955. New ideas, new methods, improved coverages all add up to help you meet the challenge in today's changing market. Tie in with Anchor!

## Ill. Brokers Pack House to Hear Talk on Dwelling Covers

Members of Insurance Brokers Assn. of Illinois recently indicated an insatiable interest in the alphabetical broad-form dwelling policies, an overflow attendance turning out for a luncheon meeting held in Chicago at which Arthur H. Jens, Cook County manager of Fireman's Fund, discussed the household package policies.

Although Mr. Jens gave a knowledgeable general review of the topic, the questions which followed showed the brokers desired a refinement of many points, something that could not be done at a luncheon-type meeting where there was a strict time limitation. Consequently, it was decided to hold an afternoon session later in the Chicago Board auditorium at which details of the coverages will be treated exhaustively.

The producer today who is satisfied selling only fire and extended coverage stands a good chance of losing his dwelling business, Mr. Jens cautioned, pointing out that many of the new household package coverages allow credits for existing insurance. The wide-awake producer realizes changes constantly are going on in the insurance business, and he incorporates them in his selling approaches.

By not selling the varieties of dwelling coverages available, Mr. Jens said producers are overlooking an extremely attractive commission potential. On the average, package policies have developed a premium of \$300 per policy in the Cook County area, whereas the usual dwelling policy is in the neighborhood of \$50. The additional commission most certainly warrants the additional selling time needed to explain the broader coverages, the speaker asserted.

Mr. Jens sketched the basic policy conditions for homeowner's "C", especially covering those items to which the deductible clause applies. He also reviewed the need for additional coverages and how they might be endorsed.

Mr. Jens emphasized that the producer must attune his activities to a changing economy, one which will be much altered a decade from now. To exemplify eventual public acceptance of improvements, the speaker mentioned that only as far back as 1949, 25% of the automobiles produced were equipped with automatic transmissions, whereas today 68% of the new cars are so equipped.

Many producers wonder why there have been so many changes in dwelling coverages and forms the past few years, Mr. Jens commented. The problem confronting the insurance business, he said, was to provide adequate covers for dwelling properties at premium costs that were justified, yet keep pace with the demands and needs of dwelling owners.

For the producer accustomed to selling only fire insurance with EC, and now to have available a portfolio containing broad form and package policies is similar to the auto distributor who had only one style and one color auto to sell and now has not only many styles and models but

numerous color combinations, declared Mr. Jens. The purchaser of an automobile today would not be satisfied to look at a single style or color, and the distributor has to stock a variety of styles, models, and colors to meet the needs of his customers. Likewise, the insurance business now offers many different styles and varieties of dwelling covers, yet with the basic features still available.

An example of the excellent sales opportunity in the dwelling insurance field, the one often considered to be the most completely covered, Mr. Jens reported results of a study made of loss payments following the tornado in Udall, Kan. The insurance there on damaged dwellings was only 48% of replacement value, and the percentage for household goods was 37%. Similar studies elsewhere developed approximately the same figures, he noted.

Looking to the future, Mr. Jens predicted it will be only a matter of time before jewelry and furs are covered under the C policy. He said he also believes that a similar package policy for tenants will be developed. He remarked that coverages available to apartment dwellers are not nearly so attractive as are those for homeowners.

The speaker said it also is possible the day is coming when insurance premiums will be paid on a monthly basis, the same as are installments for consumer goods.

## Give Timetable for NAIC Parley in New York City

(CONTINUED FROM PAGE 1)

annual statements subcommittee report. (2) Commercial and mercantile block policies (Colorado). (3) Any other matters submitted for consideration. Flood and hurricane agenda includes: (1) Any matters submitted for consideration.

1 p.m.—Committee on rates and rating organizations, Sheehan, Minnesota. (1) Multiple line underwriting subcommittee report. (2) Statistical classification for sprinklered risks subcommittee report. (3) The establishment of a mandatory credit on automobile insurance for certain safety automobile devices and construction features (Louisiana). (4) Any other matters submitted for consideration.

Committee on unauthorized insurance, Burt, South Dakota. (1) Insurance sales on U.S. military reservations committee report. (2) On mail order insurance in connection with U.S. Senate judiciary matter. (3) Any other matters submitted for consideration.

2:30 p.m.—Committee on accident and health, Knowlton, New Hampshire. (1) Blue Cross-Blue Shield subcommittee report. (2) To study reserves for guaranteed renewable A&H policies subcommittee report. (3) On company reports on individual A&H claim settlements subcommittee report. (4) To study the problems incident to the cancellation of A&H policies subcommittee report. (5) On state laws governing misleading and deceptive advertising subcommittee report. (6) Any other matters submitted for consideration.

Committee on examinations, Bowles, Virginia. (1) Examinations methods, practice and laws subcommittee report. (3) Any other matters submitted for consideration.

4 p.m.—Committee on uniform accounting, Northington, Tennessee. (1) Uniform accounting subcommittee report. (2) Any other matters submitted for consideration.

### Thursday, December 1

9 a.m.—Subcommittee to study future sites for NAIC meetings, Holz, New York. (1) To consider invitations for future meeting sites. (2) Any other matters submitted for consideration.

10 a.m.—Executive committee, Navarre, Michigan.

2:30 p.m.—Plenary session, Leggett, Missouri. (1) Committee reports, discussion.

### Friday, December 2

9:30 a.m.—Plenary session (executive), Leggett, Missouri. (1) Committee reports, final action.

Continental Casualty has moved its Seattle branch to 105 Cobb building. Burton F. Harris and Eugene S. Gosney are associate managers.

## Lloyds Broadens Bank, Trust Policy

London Lloyds is offering a new bank and trust company policy, designated Hanc (1955) which incorporates all the changes made since the 1946 form, which have been added by riders, and which adds other broadening changes. It will be available to banks in the U.S. after Dec. 1.

The policy has been approved by American Bankers Assn.'s committee on insurance. Existing Lloyds policies on the HANC 1946 form or previous forms may be endorsed to match the 1955 form. The new policy embodies all the improvements given by Lloyds since 1946 and those given in form 24 by U.S. surety companies.

The HANC (1955) form also eliminates the exclusion of loss or damage resulting from windstorm, tornado, or cyclone. It covers counterfeited currencies or coin of Canada and the U.S., and specifically covers statutory theft and statutory larceny.

It embodies the full discovery feature covering losses discovered while the policy is in force without regard to the date or dates on which such losses were sustained. Therefore it is available only to insured whose existing policies have been endorsed with the discovery rider or to new insured. The letters HANC are the initials of the man who developed the form many years ago.

## A. B. Carpenter Joins Associated Agencies as Assistant V-P

Alfred B. Carpenter, formerly resident vice-president of American Casualty at Chicago, has joined Associated Agencies there as assistant vice-president. His duties will be concerned chiefly with casualty lines.

With American Casualty for 17 years, Mr. Carpenter served in the home office at Reading and later at Pittsburgh and Chicago. His previous insurance experience was at Philadelphia, where he entered the business in 1924 with Maryland Casualty. In 1929 he went with Curtin & Brockie, representing Johnson & Higgins, then from 1936 to 1938 was with Globe Indemnity.

## Inland Empire Hearings Continued to Nov. 25

Hearings on a request to liquidate Inland Empire Ins. Co. were continued to Nov. 25 by District Judge Koelsch at Boise, Ida., when the company filed no opposing briefs to Commissioner McConnell's request for appointment of a receiver.

Judge Koelsch has ordered the attorney general's office to prepare a court order declaring the company in default.

Commissioner McConnell was ordered to take over the business of the company about two months ago. He has said that further efforts to rehabilitate the firm would be useless because of unpaid insurance claims. The company was first licensed in Idaho and later in 20 states.

## Fireman's Fund Raises Donohue

Nicholas K. Donohue has been appointed superintendent of compensation and liability underwriting in the New York office of Fireman's Fund. He succeeds John H. Hord who has been made chief underwriter for casualty operations.

Mr. Donohue started his insurance career in 1937 and has held payroll auditing and underwriting positions.

## La. Seminar Eyes Compulsory, Safety

Compulsory automobile insurance was the main problem discussed at the annual seminar for buyers, agents, and instructors in insurance sponsored by Louisiana Insurance Rating Commission and Louisiana State university at Baton Rouge.

Leon R. Oliver, assistant deputy manager and vice-president of Employers group, and Henry S. Moser, vice-president of Allstate, both discussed the subject. Mr. Oliver stated he believes that compulsory insurance could only lead to state-made rates on a political basis. The political pressure will be so great that rates will be inadequate and the solvency of the companies will not be maintained. However, he added, insurers must continue to improve coverage and services so that the broadest insurance can be offered at the lowest possible premiums. Proper accomplishment of this will result in a larger ownership of insurance and an even greater stabilizing effect on the economy, he said.

Thomas O. Carlson, actuary of National Bureau, said that insured must promote driver control, proper policing methods and crime prevention in their own areas to help reduce insurance costs. The lack of safety consciousness and caution on the part of insured depletes his own pocketbook through the effect on the insurance rate he pays.

H. W. Heinrich of Travelers also spoke on controlling insurance costs through accident prevention. Industrial management, he said, makes its own rates and thus can control its own insurance costs by preventing accidents. He pointed out that safety engineers of the casualty companies are eager to assist in accident and cost reduction for any industrial establishment, regardless of size or the nature of operation.

## Aetna Fire Names Wimmer at Houston

Robert P. Wimmer has been named marine superintendent at Houston by Aetna Fire. He succeeds W. E. Tesch, who is resigning. Mr. Wimmer has been with the company since 1939 and has spent 14 years in the home office inland and ocean marine underwriting departments. Most recently he has been in charge of marine reinsurance.

Great American group has honored the Roselius agency of West Alexandria, O., for 35 years' representation. The agency is owned by D. E. B. Unger.



Newly elected officers of Maryland Assn. of Insurance Agents are, from the left, seated: Truman B. Cash of Westminster, secretary; Robert J. Thome of Baltimore, executive vice-president, and H. H. McFarlin of Riverdale, president. Standing: J. Vernon Coblenz of Frederick, state national director; Rodney J. Brooks Jr. of Baltimore, chairman, and Joseph C. Hlavin of Baltimore, treasurer.



## Interstate WC Rating Bureau Does Effective Job

(Continued from page 7)

cularly state function. It is a creature of state legislation, and the rating of insurance to cover the WC risk has always been to a considerable degree state-localized. However, the development of business and industry has been notably regional and national, especially in recent years, and today there are a great many employers with workmen's compensation risks in more than one state. But the experience rating of risks which have workmen's compensation problems and premiums in more than one state presents a variety of difficulties.

Before 1948, in order to secure the modification the insurer on the risk had to write each bureau in every jurisdiction where the risk operated. This system of individual inquiry to several and perhaps many state bureaus naturally delayed the writing of the insurance, particularly on larger risks, not to consider the expense occasioned by this large clerical endeavor.

One big advantage of interstate rating is, of course, that it becomes unnecessary for the insurance company to get in touch with each rating bureau across the country in order to secure the interstate experience modification of the manual rate. Interstate rating expedites the prompt issuance of policies for new business, inasmuch as a single phone call or letter will divulge the applicable credit or charge, wherever the risk may operate.

Another advantage of interstate rating is the fact that the combining of the experience of the various states where a risk operates produces greater credibility and results in a modification much closer to reality. Instead, for example, of getting a charge of 10% for Kentucky, 2% credit in New York, 5% charge in Virginia and manual rates in a half dozen other states that failed to qualify, the single interstate modification is applied to the manual rates of the 38 jurisdictions where it has been approved. Interstate gets the information, summarizes it, determines the modification and promulgates the rate to the interested parties.

A further advantage of Interstate is the simplification that has taken place in the administration of changes in ownership of firms and mergers, to mention a few, in order to determine whether the experience of risks should be combined, should be eliminated, or should be partially used, etc. Formerly required to secure a signed questionnaire for individual filing with each bureau, the present centralized operation requires only a single bureau to investigate. The results then are circularized to all the interested parties.

While all bureaus are qualified to make rulings, the general principle followed calls for the interstate bureau to refer investigations to those independent bureaus having a majority of the risk premium. The interstate bureau will rule for National Council states, the non-bureau states, and as respects risks where the premium is generally distributed over a group of states. This procedure however, is elastic and recognizes that special circumstances and conditions arise which require individual variation to secure the best results. With changes in the business world greater than ever, and mergers being consummated daily, the simplified handling of these insurance problems looms even more important.

In the early days of the interstate bureau there was considerable criticism of the system and of delays in promulgating rates. It became evident that clerical engineering was required to develop processes to fit the problems peculiar to interstate rating and that procedures which had proved satisfactory in the standard bureau operations had to be discarded in favor of new concepts. As an example, it was evident that the method of handling unit card filings was unsatisfactory. Duplicate cards were being requested a second and a third time. A new method of filing was urgently needed. A card filing procedure by month, day and alphabet, in that order, was set up. This has reduced calls for unit cards 80% since 1952, despite an increase of 85% in the number of ratings.

Coincident with the improvements being made to the internal systems a tremendous educational effort was also made among the companies to make sure that all unit cards were promptly filed and properly marked "Interstate."

As a means of informing insurers of the status of the rating promulgations and also as a means of fixing the points at which the rating is being held up, late in 1953 Interstate adopted a "status form" procedure. This was a system of notifying the companies and bureaus of the reasons for failure to issue modifications so that the material would be expedited. The original notification of delay comes through on a white form. Some 30 to 45 days before expiration, if the rating has not been computed, a yellow form goes forward to the interested parties setting out the reasons for the delay. If the rating still has not been issued at renewal time, a red form is issued specifying the reason the modification is not available. This has done much to increase the promptness with which rating information is submitted and therefore has improved the record of "on time" rate promulgations. The status letters also have materially reduced the number of inquiries with respect to pending ratings.

Another service rendered by Interstate covers the issuance of a monthly circular informing the companies of states where rates are pending. This circular eliminates many requests for rates which obviously cannot be promulgated.

Statistics show how the Bureau surmounted its difficulties: In the 1951-52 period the bureau was getting out 40% of its heavy December-January expirations on time, in 1952-53 this had improved to 54%, in 1953-54 to 67%, in 1954-55 to 78%, and the target for 1955-56 is a figure in excess of 80%.

The hard core of unpromulgated ratings is caused by new business coming in at a rate of 200-400% a month. Interstate ratings cover the largest insurable entities, and it is evident that questions of audit will therefore arise to a far greater degree than on usual risks, that many more claims will be reopened and that there will be many more cases involving subrogation. These all are factors which contribute to delays in promulgation. Unavailability of manual rates contributes its quota to delays in rating. National Council is making every effort to get the rate filings to the various states sufficiently in ad-

vance for proper study and approval. In addition, the council has had considerable success in keeping the effective dates of general rate revisions away from period with high concentration of interstate renewal business. In the process of determining interstate rates the lack of revised rates for a single state holds up the determination of the modification applicable to all states covered for the risk. Consequently it is important that general rate revisions in every state, approval for which is frequently delayed until dangerously close to the effective date, to be set for a month when the number of risks affected will be at a minimum.

Mr. Bach has visited about 50 insurers and bureaus all over the country, to explain the workings of the interstate bureau and to listen to the difficulties of those who use the system and rely upon it. This has been an inter-educational process. Gradually procedures are being perfected. As Mr. Bach points out, Interstate does not dictate to anyone. The objective is to work out viewpoints and differences into a common answer. This has built confidence. The bureau is consistently after the correct results, and this has become so apparent that there is great reliance upon the bureau in matters involving interstate rating. The office of the bureau in New York is frequently visited by underwriters, state rating bureau personnel, and others. These visits have improved understanding of the problems of the interstate bureau and of the company offices, and there has developed a real cooperation of the Interstate Bureau, of insurers, independent bureaus, and state insurance authorities.

Mr. Bach started in business with Globe Indemnity. He then went with Commercial and Metropolitan Casualty companies as rater and underwriter, and in 1944 joined National Council. He was with Southeastern Compensation Insurance Rating Bureau at Birmingham, Ala., as assistant to the manager, and in 1946 went to Florida Compensation Insurance Rating Bureau as manager. In 1951 he became manager of Interstate.

### Says Some Ohio Auto Owners May Get Refunds

Commissioner Pryatel of Ohio said some automobile owners in the state may get refunds as a result of being overcharged for insurance bought to protect themselves and holders of mortgages on their cars.

He said he would make sure that any refunds go to car owners and not finance companies, which he maintained are often owned by insurance companies. Some states, he said, contend that finance companies pay the premiums and should get the refunds for overcharges.

Mr. Pryatel said at least one firm doing business in Ohio has charged higher rates to owners of autos which are driven by persons over 25 only on grounds that it is permitted to ask the extra-risk rate when the application fails to state that no person under 25 will drive the car.

The situation first came to light when New York began an investigation of Service Fire, a subsidiary of Commercial Investment Trust. Lakeshore Insurance Exchange at Cleveland is an Ohio-chartered subsidiary.

### Peru, Ind., Agents Elect Wolf

Peru (Ind.) Assn. of Insurance Agents has elected George Wolf president to succeed James Woods. Ray Coomler was named vice-president and Ora Porter, secretary.



New officers installed by Insurance Club of Pittsburgh are, from the left, Louis A. Farber, casualty manager of Royal-Liverpool group, secretary; Mel-le D. Jordan, office manager of Thomson & Sproull, vice-president; William C. Fland, vice-president of Crum & Forster, president; and J. E. Hartmann, manager of the A&H department of American Casualty, treasurer. Directors are Ellis R. Boyd, office manager of Regal Co.; Paul K. Garver, state agent of America Fore group; Joseph H. Kronz, assistant secretary of National Union; Lee L. Leonard, fire and subrogation attorney; A. V. McMillan, assistant manager of Home in western Pennsylvania, and William E. Stumpf, field man for American Automobile and Associated Indemnity. Thomas Balaban, deputy insurance commissioner of Pennsylvania, inducted the officers.

### Wis. Court Upholds Wife's Damage Claim Against Husband's Insurer

The Wisconsin supreme court upheld a \$7,500 damage award to Mrs. Alan Ameche, wife of Baltimore Colt fullback, for injuries suffered when her husband's automobile skidded off the road and hit a telephone pole two years ago.

Mrs. Ameche sued her husband's insurer, Standard Accident, charging that her husband was negligent in driving too fast for road conditions. Mr. Ameche was at the time a junior at the University of Wisconsin.

Mrs. Ameche's face was scarred as a result of the accident. A circuit court jury awarded her \$8,000 but Judge Eugene Baker trimmed off \$500 for plastic surgery.

Standard Accident maintained that Mr. Ameche was driving under the speed limit and could not be held responsible for the accident. The company said the jury was not instructed to consider the possibility that Mr. Ameche was not maintaining a proper lookout for ice on the road and could not legally award damages on that basis.

### Philadelphia Agents Elect Wood President

Thornley B. Wood has been elected president of Insurance Agents & Brokers Assn. of Philadelphia & Suburbs, Frederick R. Drayton and Stanley Cowman vice-presidents, George T. Rowland treasurer and M. Alan Bucks secretary. Officers were installed by George Margraff, president of Pennsylvania Assn. of Insurance Agents.

### Sheehan Addresses Insurance Club

"Current Problems and Activities of the Insurance Department" was the topic of Commissioner Cyril Sheehan in an address to Insurance Club of Minneapolis.

### Philadelphia Telephone Directory Published

The Insurance Telephone Directory for Philadelphia has just been published by the National Underwriter Co. Copies of this helpful directory may be obtained for \$1 each from the National Underwriter Co., 420 E. Fourth street, Cincinnati.

## NAIC Releases Ad Rules for A&H Business

(CONTINUED FROM PAGE 1)

mittee cover advertising by A&H insurers used in newspapers, magazines, on the radio and in television scripts, billboards and similar displays. The rules also apply to descriptive literature and sales aids of all kinds, including circulars, leaflets, booklets, depictions, illustrations and form letters, as well as prepared sales talks and similar material for use by agents and brokers, and the representations made by them in accordance with this prepared material.

The rules are prefaced with a declaration that advertising "shall be truthful and not misleading in fact or in implication," and that words or phrases whose meaning "is only clear by implication or by familiarity with insurance terminology shall not be used."

Advertising of benefits payable or losses covered, renewability, cancellability and termination, testimonials by policyholders, use of statistics, inspection of policies offered, identification of insurance plans and benefits provided by more than one policy and disparaging comparisons of other policies are among other subjects covered by the proposed rules.

The rules also deal with the issue of jurisdictional licensing, group implications, introductory offers, third party endorsements, policyholders, service facilities and claims or statements made about the companies themselves and their financial condition, and enforcement procedures.

## STOCKS

By H. W. Cornelius Bacon, Whipple & Co.  
135 S. LaSalle St., Chicago, Nov. 15, 1955

Aetna Casualty	174	158
Aetna Fire	73	74 1/2
Aetna Life	232	238
Agricultural	34 1/4	35 1/2
American Equitable	37 1/4	38 1/4
American Auto	26 3/4	28
American (N.J.)	29 1/2	31
American Motorists	17	18 1/2
American Surety	93	98
Boston	39 1/2	41
Camden Fire	26	27 1/2
Continental Casualty	112	115
Crum & Forster com.	67	69
Federal	36	37
Fire Association	35 1/2	36 1/2
Fireman's Fund	64	66
Firemen's (N.J.)	38	39
General Reinsurance	48	50
Glens Falls	67 1/2	69
Globe & Republic	21	23
Great American Fire	38	40
Hartford Fire	165	163
Hanover Fire	45 1/2	47
Home (N.Y.)	49	50
Ins. Co. of No. America	110 1/2	112 1/2
Maryland Casualty	36 3/4	37 1/2
Mass. Bonding	49	50 1/2
National Casualty	52 1/2	Bid
National Fire	141	145
National Union	44	45 1/2
New Amsterdam Cas.	52	55
New Hampshire	45	47
North River	38 1/2	40
Ohio Casualty	92 1/2	Bid
Phoenix Conn.	82	84
Prov. Wash.	29	30 1/2
St. Paul F. & M.	56	57 1/2
Security, Conn.	47	50
Springfield F. & M.	61	65
Standard Accident	54	56
Travelers	83 1/2	87
U.S.F. & G.	67 1/2	63 1/2
U. S. Fire	26	27 1/2

## Kansas Mutual Agents, 1752 Club Hold Joint Meet

Earle A. Lamb, president of National Assn. of Mutual Insurance Agents, was the featured speaker at the two-day meeting of Kansas Assn. of Mutual Insurance Agents and Kansas 1752 Club at Wichita.

Other speakers included M. L. Landis of Van Wert, O.; Dr. Curtis M. Elliott of Nebraska university's business administration school; Russell Brown, fire and casualty rate supervisor for the Kansas department, and L. A. Magill, manager of Kansas inspection Bureau.

## Pansing Committee Meets with FTC, Postal Maneuvers

The Pansing committee of National Assn. of Insurance Commissioners met in Washington, D.C., to discuss with federal trade commission the A&H advertising code developed by that committee. A completed NAIC code was developed this week and will come

Meanwhile, at the FTC hearing on up for final discussion at a public hearing Nov. 26 in New York City, just before the NAIC midyear there, its complaint against Postal Life and Casualty at Washington, D.C., A. Alvis Layne, counsel of Postal Life, indicated he will appeal from that part of the ruling by FTC Examiner Cox refusing to order the FTC staff to produce inter-office memoranda relating to A&H matters and documents relating to mail order insurance business trade practices on the grounds that they are confidential. Mr. Layne said he wants to know all about dealings FTC staff members had with his clients and other mail order companies. He said the staff indicated in the memoranda the advertising of the policies was all right.

Donald King, FTC counsel, will appeal from the portion of the ruling which requested FTC to make available the company advertising and policies submitted by the insurer to the FTC. He said this material is confidential. Apparently Postal Life counsel did not retain copies of the documents when they were submitted to the FTC.

This week FTC Examiner Laughlin has scheduled hearings on the complaints against United of Chicago and Guarantee Reserve Life of Hammond, Ind., at Chicago.

## Wis. Commissioner to Review Recently Revised Fire Rates

MADISON—Commissioner Rogan, recently appointed in Wisconsin, has said he will review the revised fire and windstorm rates filed by the Wisconsin Insurance Rating Bureau and approved by former Commissioner VandeZande shortly before his resignation.

Wisconsin newspapers have taken up the controversy over the changes—saying that the fire rate reduction of 5% is more than offset by the 40% increase in EC rates. There has also been criticism of the rate of 5% allowance for profit instead of 2 1/2%.

The new rates will be in effect until Mr. Rogan reviews the original proposals and makes his own decision, which will probably be in 1956.

The comments and criticisms have taken on the nature of a political issue because Mr. VandeZande did not follow the recommendations of his staff, headed by Deputy Commissioner Charles Timbers, which suggested a 17 1/2% decrease in the first rate, a 2 1/2% profit allowance and a 20% increase in EC without the deductible.

The department staff recommended that companies have their rates reduced by \$4,543,000 a year. The filing, however, increases rates by about \$929,000 a year, which involves nearly \$1 1/2 million dollars of difference between the department staff suggestions and the rating bureau's proposals.

The department staff did not recommend the \$50 deductible and \$10 minimum, which were also approved by Commissioner VandeZande.

## Late News Bulletins . . .

### To Stick With Mass. Auto Insured

Members of casualty insurance companies serving Massachusetts have voted to continue on 1956 compulsory auto business the voluntary freeze of renewals. The freeze plan, adopted four years ago when the market for compulsory cover was very tight, may be abandoned in 1956 since the organization voted to have pledges to the plan expire next Sept. 30 instead of the usual year end.

Mutuals will charge the same 1956 rates for PDL in Massachusetts as National Bureau just announced.

### Three New NAIA Chairmen Named

Three new chairman have been appointed to standing committees of National Assn. of Insurance Agents by President Kenneth Ross. They are Harris Holland of Columbus, Miss., agency management; Howard N. Fullington of Wichita, casualty, and Edgar O. Stoffels of Chicago, metropolitan and large lines agents.

Other chairmen were reappointed.

Maryland Casualty, which has been holding night sessions at its New York City and Jamaica offices.

### Expanding Night Claims Sessions in East

Maryland Casualty stated that the response to its sessions has been so good that in many cases the local bar associations have asked to co-sponsor them and have donated the use of their offices. In four night sessions in New York City more than 100 cases have been settled and more than \$130,000 paid out in claims.

### Mountain States Casualty Men Elect

Mountain States Casualty & Surety Assn. elected Ray Brookman of Cobb & Stebbins as president at its annual meeting. Andrew J. Luck, Fidelity & Casualty, was named vice-president and C. Dent Dahmer, Ritter General Agency, secretary-treasurer. New executive committeemen are P. C. Ferretti, Reed & Co., and Thomas Wilson, U.S.F. & G.

### Phoenix Citizens Receive \$5,900 Reward for Aide in Bank Theft Recovery

Seven alert Phoenicians recalled the days of the Wild West as they accepted rewards from Fireman's fund for information leading to the apprehension and conviction of three bank robbers. The reward totaling \$5,900, was offered by the insurer after the Sept. 14, 1954, robbery of \$111,168 from the Five Points Branch of the Bank of New Mexico in Albuquerque.

The seven checks, each for \$842.86, were presented by Vice-president Louis W. Niggeman to E. R. Pryor, George D. Francis, Roy Wheelwright, Stewart P. Robinson, Margaret W. Brown, Juliana C. Boyd and James S. Walker. All had contributed information and helped identify the robbers, leading to their arrest three weeks after the holdup.

Fireman's Fund, which presented a check to the bank through its local representatives, Berger, Briggs & Co., for the full amount of the loss the morning after the robbery, offered a reward of \$100, plus 5% of all money recovered from the robbery. On Oct. 10, 1955, one year after the arrests, the company recovered \$98,000, making total reward \$5,900 to be divided evenly among the seven claimants.

### New Home Office for Hartford County Fire

Hartford County Mutual Fire has purchased a four acre tract and is planning to build a new home office there. It will be situated between the Aetna Fire printing plant and the new building of Factory Insurance Association.

A hearing will be held by Hartford zoning board of appeals to determine the right of the company to build on the site. No date has been set for the building to start, but it is expected to be completed by 1958.

A. J. Cervantes, St. Louis local agent and head of a local taxi cab company, spoke at a recent meeting of St. Louis Blue Goose.

### W. A. Anderson New American Casualty Manager at Chicago

American Casualty has promoted William A. Anderson to resident manager at Chicago from manager of the underwriting department there.

Before going with American Casualty in 1952, Mr. Anderson served for four years as casualty manager at Chicago for Fireman's Fund. From 1942 to 1948 he was with Central Surety in a similar capacity at the home office, and before that manager at Chicago.

Mr. Anderson started in insurance in 1923 with Continental Casualty at Chicago, and later was with American Employers and Crum & Forster.

### Mutual Service Raises Freese

John Freese has been appointed superintendent of agencies for Mutual Service of St. Paul.

Since 1953 Mr. Freese served as director of agency training for the companies and for two years was district sales manager in the Mutual Service office at Marshall, Minn.



Executive secretary of Maryland Assn. of Insurance Agents is C. K. Oakley, shown here with his secretary, Mrs. Elizabeth Kelly. He was renamed executive secretary of the association at the recent annual meeting at Cumberland.



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MORE**

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SERVING  
YOU  
BETTER!**



## ★ INSPECTIONS...

When the American Glass Company makes a replacement the Foreman is instructed to make a thorough inspection of other plates not broken, for looseness or other faulty defects, etc., that may cause glass to become cracked. A report is submitted at once.

## ★ REPAIRS...

If advised by insurance companies, we are pledged to give this added service of tightening loose glass, moldings and other minor repairs. This service insures against future breakage.

## ★ RESEARCH...

Before a replacement is made, cause of the break, which may be due to action of acids, paint, erosion, etc., is investigated. A detailed report of the case is made and submitted to the insurance company.

## ★ SERVICE...

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**Hard-working Advertisements**  
 including this eye-stopping double-page spread are running regularly in *Life*, *Look*, *Saturday Evening Post*, *Collier's*, *Time*, *Newsweek*, *U. S. News & World Report* and other leading publications—to tell everybody about New York Life's outstanding products!



Any man whose position in life calls for at least **\$10,000** more life insurance should consider this low cost policy by **NEW YORK LIFE**

Men whose living expenses are moderate, but who want to provide adequate security for their families, welcome this modern New York Life policy.  
 Because it has a minimum face amount of \$10,000, advantages are possible which are passed on to the policy owner. This is particularly important to men caught in the squeeze between today's high cost of living and the desire to establish a footing for the future.  
 Even though the policy has low premiums, cash and loan values build rapidly—equal to the full reserve at the end of only seven years!  
 Don't fail to look into the advantages of this outstanding protection—large amount life insurance coverage and early high cash values at a most low cost offered. See your New York Life agent today or mail the coupon.

**MAILING PREMIUM FACE AMOUNT:**  
 For example, when you mail a one-year contract based on age 20, it usually results in higher rates to insure the same family for insurance at standard rates due to health or occupation.  
**LOW PREMIUM RATES:**  
 Standard annual premium per \$1,000 for standard insurance is only \$7.10 annual at age 20, \$10.50 at \$1,000, \$15.00 at \$5,000, \$20.00 at \$10,000, \$25.00 at \$15,000, \$30.00 at \$20,000, \$35.00 at \$25,000, \$40.00 at \$30,000, \$45.00 at \$35,000, \$50.00 at \$40,000, \$55.00 at \$45,000, \$60.00 at \$50,000, \$65.00 at \$55,000, \$70.00 at \$60,000, \$75.00 at \$65,000, \$80.00 at \$70,000, \$85.00 at \$75,000, \$90.00 at \$80,000, \$95.00 at \$85,000, \$100.00 at \$90,000, \$105.00 at \$95,000, \$110.00 at \$100,000.  
**BUILD UP CASH VALUES FAST:**  
 Cash and loan values accumulate rapidly—equal to the full reserve at the end of the seventh year or, seventh year cash value per \$1,000 face out of age 20 is \$9.10 at \$1,000, \$13.10 at \$5,000, \$17.10 at \$10,000, \$21.10 at \$15,000, \$25.10 at \$20,000, \$29.10 at \$25,000, \$33.10 at \$30,000, \$37.10 at \$35,000, \$41.10 at \$40,000, \$45.10 at \$45,000, \$49.10 at \$50,000, \$53.10 at \$55,000, \$57.10 at \$60,000, \$61.10 at \$65,000, \$65.10 at \$70,000, \$69.10 at \$75,000, \$73.10 at \$80,000, \$77.10 at \$85,000, \$81.10 at \$90,000, \$85.10 at \$95,000, \$89.10 at \$100,000.

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 Please insert in, without any obligation, full description on your return.  
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